

NEWS: INTERNATIONAL

Milosevic tightens his grip

Serbian ultra-nationalism is on the increase, reports Laura Silber

THE re-election of Mr Slobodan Milosevic as president of Serbia, followed by the vote of no confidence against Mr Milan Panic, the prime minister, reaffirms Mr Milosevic as the most powerful politician in what remains of Yugoslavia.

Mr Milosevic's grip on Serbian politics has tightened partly because his defiance of the West has increased his support. Top echelons of the Yugoslav army, which previously supported the Yugoslav federation under Mr Panic and President Dobrica Cosic, now support Mr Milosevic - seen as the single person most responsible for the war in Bosnia.

At the same time, the Serbian political scene has become polarised between ultra-nationalists, on one side, and the weak democratic opposition, on the other. The extremist Serbian Radical Party, under Mr Vojislav Seselj, is expected to form a ruling coalition with the Socialists (the renamed Communists). DEPOS, the opposition coalition, won a few seats in Serbia's parliament.

Mr Seselj, commander of a private militia and named by the US as a suspected war criminal, has indicated he is vying for a key ministerial position. It is unlikely Mr Milosevic will hand over the interior or information ministries, his two pillars of power. Mr Seselj has called for the arrest of Mr Panic, a Belgrade-born California millionaire, for betraying Serbia.

The victory of Serbian ultra-nationalists eclipsed the hopes for democratic reform among liberal Yugoslavs. Foreign election observers, who left before the count was finished a week later, said the vote was riddled

with irregularities.

The opposition in Belgrade, a stronghold for the democratic movement, now talks about fleeing the republic. Shocked by the surge of ultra-nationalism, many speak of the danger of civil war in Serbia. This could involve ethnic minorities, which comprise a third of Serbia's 9.8m population.

But the ethnic minorities are divided. Pro-independence Albanians from the southern Serbian province of Kosovo, and most Moslems from Sandzak, which straddles Serbia and its ally Montenegro, boycotted the general elections.

The re-election of Mr Milosevic appears to raise his chances of independence from Serbia, boosted by a letter last week from US President George Bush to Mr Milosevic in which he warned that the US would intervene if violence were to spread to Kosovo.

The 300,000-strong ethnic Hungarian community in Vojvodina, the northern Serbian province, voted, but for ethnic Hungarian parties.

Smaller ethnic groups in Serbia, such as Slovaks and Croats, now believe the election results will lead to ethnic cleansing in Serbia itself.

The elections signalled the end of Mr Cosic - a well-known writer - as a political force in Serbia. His plea for compromise, was rejected by most voters. His future as president is unclear. If Mr Cosic stays as leader of the reconstituted but unrecognised Yugoslavia, his role as a negotiator in Geneva on the former Yugoslavia comes into question because he appears to lack the influence to assert his will over Serbian leaders.

Mr Cosic, regarded as the



Yugoslav premier Milan Panic refuses to quit prematurely

spiritual father of all Serbs, had appealed for Mr Milosevic to step down. But in his address to the nation at the weekend, a self-confident Mr

Milosevic appeared firmly in control. Remaining defiant of the West, he declared Serbia would never bow to the will of the international community.

Foreign investment triples in E Europe

By Anthony Robinson

FOREIGN investment in the former communist states of eastern Europe and the Soviet Union tripled over the year to end-September with 719 acquisitions, joint ventures and greenfield projects worth a total of \$28bn, according to East European Investment magazine, a New York-based specialist publication.

Joint ventures have found renewed popularity among foreign investors, accounting for 351 out of the total 719 projects monitored while 72 per cent of all deals were signed with only five host countries - Russia, Hungary, Poland, former east Germany and the Czech Republic.

US companies have emerged as the biggest investors in the 28 countries of the former Soviet bloc with 219 acquisitions, joint ventures and greenfield investments amounting to commitments of nearly \$8bn. Russia, Poland and Hungary were the principal targets for US investment with over 40 per cent of US investment, or \$3.2bn, pledged to Russia alone where US oil, energy and telecommunications companies are particularly active.

European and Arab oil companies have also been active in the oil and energy sector, particularly in former Soviet republics such as Kazakhstan, Azerbaijan and Turkmenistan. Over 60 deals worth \$13.2bn were signed in this sector of which the largest included the over \$6bn British Gas/Agip gas project in Karachaganak, the \$1.6bn commitment by Chevron of the US in the Tengiz oil project, also in Kazakhstan and the \$3bn Conoco/Polars Lights project in Russia.

Other key sectors targeted for investment were the automobile sectors with 64 projects worth \$5.4bn, including the \$2bn commitment to Poland by Fiat of Italy, mining and metals and consumer goods, including textiles, foodstuffs and paper, and tobacco.

Yeltsin urges Russians to rely on their own wits

By Leyla Boulton in Moscow

PRESIDENT Boris Yeltsin yesterday praised his countrymen for resisting calls to rebel against painful economic reforms and urged them to rely on their own wits to survive more hardship to come.

"I express my deep gratitude, respected citizens of Russia, for showing such surprising endurance... and for not following those who called you to the barricades, urged you to strike. You did not follow those who once called on Russia to take up the axe," Mr Yeltsin said in a televised New Year's address in which he referred to bloody popular uprisings which have been a feature of post-Soviet history.

But urging Russians to play a more active role in the reforms, he said the appearance of 17m private entrepreneurs, farmers and providers of services showed that "success... is accessible to anyone who does not wait for a gift from heaven but works for himself".

He also jeered at his political opponents, who had in vain

predicted "hunger, cold, full destruction, and millions of unemployed" when radical reforms started off with price liberalisation a year ago.

Although he failed to promise - as he has in the past - that things would improve quickly, he claimed the first signs of stabilisation had already appeared. Industrial production, for instance, had stopped falling.

He said nobody would be able to knock Russia off its reform course. Earlier he revealed that he and his family would invest their privatisation vouchers in one of the new investment funds now being set up as part of Russia's mass sell-off of state-owned enterprises.

Mr Yeltsin, whose personal authority has been necessary to protect reformers in the past, said that he now wanted to leave economic matters to the recently-reconstituted reformist cabinet.

He said he planned to focus on protecting the poorest members of society as would launch a campaign against the corruption and crime which

plague everyday life in addition to the high inflation and chaos wrought by the economic reforms.

"The painful period of destroying the old order is coming to an end. We now have to clear the wreckage and build a new house," said Mr Yeltsin, himself a former construction engineer.

Finally, the president publicly thanked Mr Yegor Gaidar, the prime minister whom he failed to save from the Congress of People's Deputies' wrath, for "teaching market economics" to the government and the people, and for courageously taking most of the blame for the reforms.

"We should thank Yegor Timurovich Gaidar, a man who dared to undertake unpopular steps together with the president in this difficult period," he said.

Mr Yeltsin looked back to the overthrow of communism: "It is not Russia's fault that it was thrown from this path and turned into a testing ground of communism. Today we have freed ourselves of this obsession."

Estonia to close private bank

By Leyla Boulton

ESTONIA, the boldest of former Soviet republics in terms of economic reform, is to close one of its largest banks and merge two others.

The closures are the first to take place in the former Soviet Union.

Mr Kaupo Põllitsinski, a spokesman for the Estonian central bank, said Tartu Commercial Bank, one of the republic's biggest, was in liquidation, while Union Baltic Bank and North Estonian Bank, are to be merged from January 18.

The Baltic republic gained independence more than a year ago, and soon after introduced its own currency, the kroon. But, like other republics, it has suffered from a shortage of banking skills and supervision. Russian authorities are also concerned about a large number of institutions but have so

far taken no steps to close any. Mr Põllitsinski said Tartu Commercial Bank, the first private commercial bank in the former Soviet Union, took "too large risks in its lending policy" and as a result had "no money".

"We could not find documents concerning some loans and we have some questions about the bank's owners," he added. The bank's proposals for its own restructuring were "unrealistic" - it would cost 200m kroons to bail out the bank - so the Estonia's central bank was preparing to dispose of its assets. The most optimistic scenario was that it would be able to return up to 80 per cent of clients' deposits.

But Mr Põllitsinski said the two banks were being merged by Russia's Vneshekonombank in Moscow, through which former Soviet foreign debt is ser-

vised, to "freeze" \$80m in the banks' accounts there. The Estonian central bank aimed to put together 200-250m kroons in fresh capital for the new bank. "We have to put it in order and then look for buyers," said Mr Peeter Luik, chairman of Union Baltic Bank.

Vneshekonombank had frozen \$30.5m - or 433m kroons out of his bank's total deposits of 476m kroons - three months after promising that no further accounts would be frozen after the Russian bank first defaulted in December. The Russian government has said that the money was not frozen but spent by its predecessors.

Mr Dmitry Tulin, deputy chairman of the Russian central bank, told the Financial Times that long-awaited regulations on the activities of foreign banks in Russia would be ready in January.

Bulgarian parliament elects new premier

BULGARIA'S parliament ended a two-month political crisis yesterday by electing Mr Lyuben Berov as prime minister and approving his cabinet. Reuters reports from Sofia.

Mr Berov, 67, an economic advisor of President Zhelyu

Zhelev, was nominated by the Movement for Rights and Freedoms (MRF) representing Bulgaria's 1m ethnic Turks, after two previous attempts to elect a prime minister had failed.

But former prime minister Filip Dimitrov, leader of the

anti-communist alliance, the Union of Democratic Forces, said he was "sceptical about the future of the new cabinet".

"Despite our being the biggest parliamentary party we will be in opposition," he said. It is the first time in Bulgar-

ia's history as an independent state that the Turkish minority has proposed and formed a government with its mandate. Bulgaria was occupied by Turks as part of the Ottoman Empire for more than five centuries until 1878.

Slovaks fear a grim awakening after the party

Vincent Boland tests opinions of independence in the town of Cadca

LIKE A hundred other towns in Slovakia tonight, Cadca is holding a party to celebrate independence. There will be a ceremonial hoisting of the Slovak flag, bells will toll at midnight, the new national anthem will be sung and there will be fireworks in the town for the first time in 40 years.

The rockets and catharine wheels have been bought with some of the 25m kopecs (\$500,000) made available to the nation by the government in Bratislava to celebrate the event. But the 25,000 people of this run-down, polluted town in northern Slovakia are divided on independence.

Around 7,000 of Cadca's inhabitants board trains every morning to travel to work at the steel mills in Ostrava, 90km away in the Czech republic. Their journey tomorrow will take them across the world's newest frontier.

Ask the travellers if they will feel any difference and they shrug. Ask if they fear any consequences and they remain silent. Then one man says yes, he is "afraid". He is not quite able to say why. He gives a little embarrassed laugh.

But there are signs pointing to potential areas of mutual misunderstanding. Mr Ivan Krivick, a young waiter, says he has visited Prague just twice in his lifetime, but has been to Vienna, a short distance up the Danube from Bratislava, five times. The break with the Czech republic will not mean a lot to him. "I have friends in Austria, Germany, even Britain, but I have no friends in the Czech republic," he says.

Ms Katarina Genzorova, who teaches at the technical school at Cadca, sees it differently. She lived in Bohemia, the western province of the Czech republic, for six years and has many friends there. "It is sad and unnecessary and it has upset me a lot," she says.

Mr Miroslav Golis, director of the town's library, sums up what must be a widespread feeling throughout Czechoslovakia today. "We Slovaks will miss the Czechs more than they will miss us," he says wistfully. Mr Peter Glasnak, mayor of Cadca and master of

ceremonies tonight, has a theory to explain the apparent indifference. "In our society we always highlight the mistakes, never the successes. That is our eternal science."

He supports Mr Vladimir Meciar, the volatile, nationalist prime minister of Slovakia, and the man who will enter the history books as the father of Slovak independence. "People like his personality. He tells them what they want to hear," he says without irony.

Telling people what they

The mayor of Cadca and master of ceremonies has a theory to explain the apparent indifference among the townspeople to independence: "In our society we always highlight the mistakes, never the successes. That is our eternal science"

want to hear is Mr Meciar's most potent political weapon. But if he wants an idea of the problems he will have to solve after independence, he could do worse than visit Cadca. It is a town blighted by years of impoverishment. It has no industry and a 20 per cent unemployment rate. Mr Glasnak says. That is why over a quarter of its inhabitants take the train to Ostrava every morning.

Not even the snow can hide the blight, which is made worse by clouds of smoke and soot from the plant providing the town with central heating. "Tonight there will be a party," Mr Glasnak says. "But in the morning we must wake up and realise there is a lot of work to be done."

Three years ago the Velvet Revolution came and went leaving little trace. Now Year Zero for independent Slovakia begins at midnight and Cadca is holding its breath.

Continued from Page 1

band, who works for the federal army, has Czech relatives. He will have to choose his ethnic background once we take out separate citizenship papers. I don't know if I can keep my job once we become separate countries. It's all right now. But you never know about the future. We will be commuting to a foreign country."

Marta said the Slovaks would cope very well without the Czechs. "They are even now discrediting our new republic, Prague, and all those intellectuals who keep travelling abroad, are spreading lies about how we collaborated with the Germans during the War. You know, the Germans were not that bad. After all they paid their bills on time."

"Do you want more sauerkraut?" asked Ewa.

The elderly lady wanted some bread. The small shop in Dzielnikowice, near Opole in southern Poland, was still open, even though it was Sunday evening.

She asked for it in Polish, then broke into German. Her request was drowned by the man behind the counter who was shouting in German.

"Why are you stirring up trouble in Dzielnikowice. You journalists are all the same. Why don't you go to Germany and write about how all those foreigners and refugees are ruining the country. Get out of here!" he said.

I thought about the brightly-coloured shield, sited near the church in the centre of the village: "Frauenfeld O/S Grödsch Alle Gäste" (Frauenfeld - the German for Dzielnikowice - Upper Silesia, welcomes all visitors).

"Why did the German National Offensive (a neo-Nazi group from Germany) come here and try to organise a cell?"

"None of your business," said the man, storming out of the shop into the dimly-lit street.

Everybody is afraid of history."

She explained that she saw nothing wrong with the locals of Dzielnikowice putting up war memorials for those German soldiers who had died during the First and Second World War.

"The Poles are getting upset about it. Our sons died too." She walked out into the dark evening. "Be careful driving to Opole. There's a thaw. But there's black ice."

'The problem is both simple and complex. It is about Poles coming to terms with the ethnic Germans rediscovering their culture. After the war, all our rights were taken away' - ethnic German in Upper Silesia

Janusz didn't care about the weather, the Poles, history, or the Germans.

"Thieves. That's the problem now," he complained.

Janusz is the night watchman for the guests' cars at the main hotel in Opole, one of the main cities in Upper Silesia, which was part of Germany before 1945.

Each evening, he sets up guard from a tiny caravan which is parked on front of the hotel.

He unlocked a heavy, U-shaped metal security device, parked my car between the pavement and the contraption, and locked it again. "10,000 zlotys (about ten cents) please."

A Polish businessman, clearly acquainted with the east European attraction to expensive cars, had taken no chances. He had brought his own yellow, steel clamp for his brand new BMW.

"All the politics is down the road and across the bridge in the Wojvod (provincial) head-

quarters," said Janusz, in a mixture of Polish and German.

The drab, former communist party building had some redeeming qualities. The pattern - an open lift like a dumbwaiter in continuous motion - was still functioning, even if it creaked.

Stanislaw Skakuj, a former member of the Solidarity independent trade union, now head of the Wojvod's Department for Problems of Citizenship, said: "Officially, there are no prob-

lems with the ethnic Germans. They just have to stick to the law. They did not ask if they could put up memorials to the second world war. It's a very sensitive issue."

"Why did you decide to expel Gunther Boschitz, the neo-Nazi, last week, and not a year ago, when he first came to Dzielnikowice?"

"It was Warsaw which made the decision, not us."

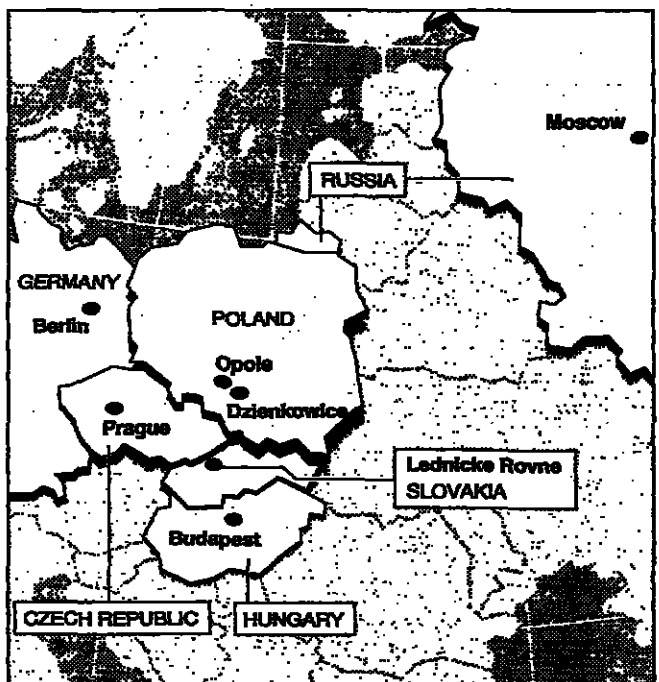
"Are you afraid about the growing German influence in Poland?"

"Officially, no."

"What will happen now? Do you think the ethnic Germans will seek, or should have more autonomy, especially if some of the 180,000 ethnic Germans in Opole represent a majority in some of the villages?"

"Autonomy? Do you know what that word means? It means separation. Then where would we be? Look at Yugoslavia. Look at Czechoslovakia. Look at Russia. Countries all around us are breaking up."

Henryk Kroll, the 43-year-old



head of the ethnic Germans in Opole, was standing outside Skakuj's office, engulfed in cigarette smoke.

"The problem, if one exists, is both simple and complex. It is about Poles coming to terms with the ethnic Germans rediscovering their culture. After the war, all our rights were taken away," he explained, chain-smoking his way through the history of identity.

"Our language and culture practically disappeared," he said.

Sanjor Baraszi interrupted his prayers. "My parents never spoke about the past. They wanted to assimilate because of the war. In any case, the system did not allow us to be Jewish, and not be afraid," he said.

"I am 17 years old. When I was much younger, I wanted to discover what I was. I began to read the Talmud. Today, I am insulted on the streets. I ignore it. I have not yet been attacked, yet. Excuse me. I must go back inside."

Young and old Ashkenazi Jews in traditional orthodox dress prayed with the cantor. Outside, a solitary police car kept watch.

They remained silent from from Wittenberg Platz to Stadtmitte. They emerged from the underground into the bitter Berlin air, carrying led all they owned in a few plastic bags.

"We arrived two days ago. From Bosnia," said Jelena, the mother of four small children. "Our country no longer exists."

The guards at the White House, home of Russia's parliament, didn't bother to check if I had an appointment, even though I had no pass. The name of Vladimir Isakov carried enough weight to admit me.

As one of the leaders of the national-Salvation Front, a loose but influential parliamentary caucus which groups former communists, nationalists, and "national patriots", Isakov vows to defend what he believes Boris Yeltsin has destroyed.

"Ideals? We have none left. Communism was an ideal to which the people related. When it evaporated, society disintegrated. We are relying too much on foreign influence. All your advisers want to shape our government and legislature. There are no results. No. There are no results."

pline. No authority."

"Do you want Russia to be integrated with Europe?"

"Western values cannot be transplanted to Russia. Foreign intelligence services are destroying our industrial base. I want Russia to defend its interests."

"What are those interests?"

"Many things. The defence of our Russian minorities living outside Russia. Especially in the Baltic States. Yeltsin is not defending them. The West is promoting ethnically-based national states, and new borders. Right here, in the former Soviet Union. We cannot create one hundred nation states in Russia. Look at what has happened in Yugoslavia. All this disintegration is madness. We must protect the Russian soul."

"How?"

"By relying on our own traditions."

It had started to snow. The onion-shaped dome of St Basil's was barely visible. The icy, white snow flakes tumbled silently down on Red Square. An old lady trudged across the slippery cobblestones.

"Where are you going?"

"I want to go home."

"Where is your home?"

"Now, it is with my son, and his family in Moscow."

"Where was your home?"

"Near Baku, in Azerbaijan. But the fighting never stops. I can't go home. I have no home."

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NEWS: INTERNATIONAL

Tokyo stock market down 26.4% on year

By Robert Thomson in Tokyo

THREE IS a symbolic, cyclical number in Japan, and this it was appropriate that the Tokyo stock market should tumble again yesterday to mark three years of falling prices, declining turnover, and fading investor confidence.

When traders and Tokyo exchange officials closed 1992 with rhythmic clapping, stock prices were down 26.4 per cent on the year and 2.1 per cent on the day, leaving the Nikkei average at 16,924.95 and Japanese brokers nervous about the omens for next year.

Taking the common standards of superstition as a guide, 1993 will either mark the beginning of a new cycle of good fortune, and rapidly rising stock prices, or the fourth year of a five-year cycle of collapse, decay and ever-larger losses.

Portents aside, the hard statistics add up to a particularly bleak trading year. The daily average volume on the exchange's first section was 264.9m shares, the lowest since 1977, and a quarter that of the booming, "bubble" year of 1989.

The trading value for the year was ¥59,861bn (¥94.3bn),

Tokyo



Source: Nikkei

about a sixth of the record set in 1989, and the lowest since 1984. Brokers were starved of commissions, individual investors shunned the market, and a long queue of eager sellers formed each time prices appeared to gain strength.

At the close yesterday, the Nikkei average was down 58.5 per cent from the record high of 38,915.97 on December 29, 1989, while the three years of consecutive decline are a

record. To emphasise things may get worse before they get better, trading volume on Monday, at 100m shares, was the lowest since 1982.

A Tokyo exchange official, after clapping out the year, said: "We have already forgotten 1992." Foreign brokers are generally forecasting the Nikkei will trade between 15,000 and 20,000 next year, while Japanese houses are telling customers that 25,000.

The third year of the cycle was particularly tough on stocks favoured by the few remaining speculators last year. Godo Shusei, a maker of sake and plum wine, was the big loser, down 79.3 per cent, followed by Daito Boshoku, a wool spinner, which lost 79.2 per cent of its value.

Japanese business magazines, only half-jokingly, have suggested the three-five-seven cycle means that manufacturers will take three years to recover from falling sales and asset values, the brokers will need five years, and the banks seven years. More pessimistic soothsayers predict that all three sectors will need seven years.

US sees sharp rise in leading indicators

By Michael Prowse in Washington

THE US index of leading indicators - a guide to future economic trends - last month registered its sharpest increase for nearly a year.

Propelled by a steep increase in consumer confidence, the index rose 0.8 per cent, following a 0.5 per cent increase in October.

Optimism, however, was muted by unexpectedly poor figures for new home sales, which fell 8.3 per cent between October and November to a seasonally adjusted annual rate of 585,000.

This followed a fall of similar magnitude in the previous month - the 8.3 per cent decline was the biggest drop since March when sales fell 11.5 per cent.

The figures for new home sales were a marked contrast to Tuesday's report of a 5.4 per cent rise in sales of existing homes, a significant gain for the second month running.

Figures for new home sales, however, are often heavily revised, usually upwards. The reported decline since October may thus overstate any loss of momentum in this sector of the housing market.

Sales of new homes for the first 11 months of this year were 19 per cent higher than in the same period last year.

The leading index was lifted by increases in eight of its 11 component indicators, including gains in consumer confidence, a fall in weekly claims for unemployment insurance, a rise in share prices and faster growth of the money supply. The consumer expectations component rose far more sharply than other components and accounted for half of the total increase in the leading index.

The index is intended to predict changes in economic activity several months in advance. However in the recent past it has failed to give warning of slowdowns, such as the dip in industrial production last summer.

The index of coincident indicators, which measures the current state of the economy, rose modestly in November for the second month running.

President-elect Bill Clinton welcomed the latest figures, saying they showed there is hope and optimism that the economy is improving.



US Marine searching a Somali at Mogadishu airport yesterday as part of tightened security one day before President George Bush's New Year visit. Troops stopped vehicles at check-points in the city where shooting is still common despite last week's peace deal

Collor found guilty by Brazilian Senate

By Bill Hinchberger in Brasilia

BRAZILIAN president Itamar Franco yesterday promised to maintain contacts with international creditors and to work with Congress to approve fiscal reform and intellectual property legislation.

In his first speech to the nation, he emphasised the need to combat Brazil's social crises. Elected vice-president in 1989, Mr Franco will serve the final two years of the term of Mr Fernando Collor de Mello, who resigned on Tuesday.

Mr Franco had been interim president since Mr Collor was suspended three months ago to face impeachment on corruption charges. Mr Franco said the recently suspended privatisation programme would be resumed with unspecified new guidelines that "do not prejudice the nation." Unnamed "strategic"

The Brazilian Senate found former President Fernando Collor de Mello guilty of crimes of responsibility and prohibited him from holding office for eight years despite his resignation on Tuesday morning.

A marathon session, which started on Tuesday and ended early yesterday, resulted in a 76 to three vote in favour of conviction.

Mr Collor also faces possible criminal charges for his involvement in an alleged influence-peddling scheme and for having benefited from a multi-million-dollar slash fund run by his former campaign treasurer.

In a statement yesterday, Mr Collor said he would appeal against the Senate conviction. "I resist in the name of democratic institutions," he said, adding that he was "a president whose only crime was his unwavering dedication to his duty."

companies will not be sold. He offered no outline on trade liberalisation but stressed that "we cannot allow ourselves to be fooled into thinking that we can construct a modern country by raising economic barriers."

He also said: "We will guarantee the stability of economic rules and will assure that no

Senator Albano Franco, head of the National Confederation of Industry, said that the business community would be reassured by the new president's pledge to avoid price freezes and to support structural reform.

The Sao Paulo stock exchange Bovespa Index reacted favourably and increased by 3 per cent.

Mr Franco criticised what he called Mr Collor's "false modernisation" programme, noting its recessionary effects. He recalled that this year Brazil's gross domestic product will be 3.9 per cent lower and per capita income 10 per cent lower than in 1989. He said modernisation and anti-inflation policy could not be based on maintaining high interest rates.

The Franco administration hopes to work closely with Congress and leading political parties, reversing Mr Collor's combative approach.

France faced with a fresh round of economic misery

By Alice Rawsthorn in Paris

FRANCE'S unpopular Socialist government yesterday faced a stream of gloomy economic news, as surveys appeared showing an increase in unemployment last month and further falls in confidence among both industrialists and consumers.

The number of people out of work in France rose 1 per cent in November to 2.97m, according to figures from Insee, the state statistics institute.

This raised the annualised rate of unemployment to 10.5 per cent from 10.4 per cent in October.

The news of November's job losses comes at a critical time for the French government, only three months away from a general election in late March. It is also a setback to the government's hopes of presenting a positive picture of France's economic prospects to the financial markets during

a period of fierce pressure on the French franc.

Unemployment is one of the main drags on the French economy as fears of joblessness have depressed consumer confidence.

A new EVA study for Paris-Match magazine suggests confidence is still deteriorating with 71 per cent of the French claiming to be "pessimistic" about France's prospects in 1993, compared with 64 per cent this time last year.

This pessimism is mirrored in the corporate sector. The level of confidence among French industrialists has also declined in recent weeks, according to the latest Insee monthly study of 3,300 senior executives.

Industrialists expressed concern about the sluggish domestic market and rising stocks. They also reported continuing pressure on exports, which have been affected by the strength of the French franc

since this autumn's currency crisis.

The government has ruled out abandoning its rigid fiscal policy in favour of refuting the economy before the French go to the polls. The EVA survey indicated a low level of approval for the government with only 17 per cent of those polled expressing satisfaction - the lowest rate of approval since the Socialists came to power 11 years ago.

The survey also supported forecasts of a centre-right victory in the general election. The survey said left-wing parties would win 29.5 of the vote to 44.5 per cent for conservatives.

The ecologist movement was expected to poll 15 per cent while the far-right National Front was seen declining to 11 per cent.

President Francois Mitterrand's popularity dropped four points from last month to 32 per cent, hovering just above a record low.

European satellite news channel to be launched

By Raymond Snoddy

EURONEWS, Europe's first multilingual satellite news channel will be launched tomorrow from its headquarters in Lyons.

Expected to reach more than 35m households, the channel will broadcast continuously updated news, weather and travel bulletins plus youth, lifestyle, business and current affairs magazine programmes. The channel, designed to compete with Mr Ted Turner's CNN, will start with 20 hours a day and move to 24-hour operation in April.

The Euronews format will be a picture channel - no presenter will appear on screen - with commentary in English, French, Spanish, German and Italian. There are also plans to add an Arabic commentary later.

"With the launch of Euronews, Europeans will finally be able to enjoy coverage of world and local affairs from a truly European point of view in their own language," says Mr Massimo Pichera, the Euronews director general.

Euronews will have a 1993 budget of Ecu50m (£40.45m) of which 55 per cent is in the form of contributed news footage from Eurovision, the daily news exchanges of the European Broadcasting Union.

Advertising revenue is expected to contribute 25 per cent to the budget and the remaining 20 per cent will be funded by public bodies including the European Community. Euronews has already had a setback on advertising. Negotiations with IP, the Havas subsidiary, broke down and Euronews had to find another sales house for its advertising.

Mexico slims peso by cutting three zeros

By Damien Fraser in Mexico City

THE Mexican government will cut three zeros from its currency today in a move to simplify monetary transactions which often run into trillions of pesos.

A dinner for four in a top Mexico City restaurant that costs around 1,000,000 old pesos (\$320) will fall to just 1,000 new pesos from January 1. Alternatively, the minimum daily wage of 12,000 old pesos will be a mere 12 pesos.

Old and new pesos will both be accepted in a transitional stage, until the old pesos are phased out. Prices will be posted in both units, and old and new notes will look alike, to prevent shops using the change to raise prices.

The government's greatest although unstated hope, is to

wipe from collective memory the highly inflationary 1970s and 1980s, and persuade Mexicans that the peso is strong again.

Unlike other Latin American countries, Mexico has waited to implement monetary reform until the economy has stabilised. Mexico's annual inflation has fallen from a high of about 200 per cent in mid-1987 to an estimated 12 per cent this year.

Mexico also has a long history of low inflation, interrupted only in the mid-1970s. Throughout the 1950s and 1960s Mexico achieved an average 5 per cent growth with single digit inflation, an achievement the present government would be delighted with.

But many Mexicans are suspicious. A straw poll in El Financiero newspaper found half those questioned unsure how the change would work.

Australians in Vietnam oil accord

By Kevin Brown in Sydney

AN Australian-led international consortium has announced plans to develop Vietnam's second offshore oil field at Dai Hung, in waters off Ho Chi Minh City.

The consortium - one of nine which tendered for the contract last year - is led by Broken Hill Proprietary (BHP), the Australian resources group, and Petronas Carigali Overseas, a subsidiary of Petronas, the Malaysian state oil company.

BHP said a detailed production sharing contract was being negotiated with PetroVietnam, the state oil company, and Vietsoviet, a Vietnamese-Russian joint venture which carried out the initial development of Dai Hung.

Mr Peter Wilcox, chief executive of BHP's petroleum division, said the group expected to hold a 43.75 per cent stake in the field. Petronas Carigali 20 per cent and PetroVietnam 15 per cent. The remaining 21.25 per cent shareholding has been reserved for a further international oil company.

NEWS IN BRIEF

Moslems to revive Ayodhya prayers

INDIAN Moslem leaders left in India's capital for Ayodhya yesterday to offer prayers at the site where an ancient mosque stood until it was destroyed by Hindu militants on December 6, Shriyadha writes from New Delhi.

The government, which has informally tried to stop the Moslem leaders from offering prayers at the site of the Babri mosque where there has been no Moslem worship since 1949, fears the visit could spark off more communal violence. The Moslem leaders are expected to be arrested before they reach Ayodhya.

Dublin to lift exchange curbs

Officials at the Central Bank of Ireland confirmed yesterday that Ireland will go ahead with the removal of exchange controls this weekend, as part of the European Community's single market programme, writes James Blitt.

There had been speculation that Ireland might be forced to postpone its pledge to abolish exchange controls because of pressure on the Irish punt inside the European Exchange Rate Mechanism. However, Mr Louis O'Byrne, manager of foreign exchange control at the central bank, said yesterday: "Ireland's exchange controls are being abolished tomorrow."

Nordic currency support

The Nordic central banks' revision and expansion of their short-term currency support system was not linked to the floating of three Nordic currencies, said Mr Kjell Peter Soderlund, head of the Central Bank Policy Department at the Bank of Finland, Reuter reports from Helsinki. He said the existing agreement was revised because it was outdated.

Under the revised agreement the Finnish, Swedish, Danish and Norwegian central banks are entitled to borrow the equivalent of Ecu2bn (€1.6bn) and the central bank of Iceland up to Ecu200m. Also each central bank is obliged to provide support up to the equivalent of Ecu1bn and Iceland up to Ecu100m.

China optimistic on growth

China's economy racked up one of the world's fastest growth rates in 1992 and officials said yesterday they are optimistic they can keep the economy booming next year while maintaining control of inflation, Reuter reports from Beijing.

The gross domestic product increased by 12 per cent in 1992 after adjustment for inflation, the State Statistical Bureau said. This is exactly double the cautious rate of growth set by Soviet-trained Premier Li Peng in his keynote speech to parliament in March, and far above the 7.7 per cent rate achieved last year.

While inflation is still manageable - in leading cities prices rose by 11 per cent this year - officials are worried about several warning signs. Bank loans are up by 80 per cent as enterprises and local authorities borrow feverishly to buy goods and start projects. The money supply has grown by 30 per cent this year.

Australia counts rain cost

The Australian wheat industry held an emergency conference yesterday as its farmers waited to see how badly rain had damaged their crop, originally valued at A\$2.5bn (£1.3bn). Reuter reports from Canberra. Industry officials said they would now have to find a way to dispose of at least 3m tonnes of weather-damaged wheat. The wheat's value may have been cut by a third, erasing farmers' profit margins.

Israelis unmoved by UN on deportees

By Hugh Carnegie in Jerusalem

A United Nations envoy attempting to resolve the plight of 415 Palestinians expelled to Lebanon by Israel ended visits to both countries yesterday without persuading Israel to take them back. He also failed to secure food and medical supplies for them or to meet the deportees.

It remained unclear how the issue, which Palestinian leaders say is threatening the future of Middle East peace talks, might be defused. Mr Yitzhak Rabin, the Israeli prime minister, suggested after his second meeting with Mr James Jonah, a UN under-secretary general, that a third country should take the Palestinians, but this appeared to have little chance of acceptance.

A Security Council resolution passed unanimously after the deportations almost two weeks ago demanded that the men, all said by Israel to be Islamic fundamentalist militants, be returned to their homes in the occupied West Bank and Gaza Strip. Dr Abdel Aziz al-Rantisi, a leader of the deportees, said from their snow-bound camp in south Lebanon they would not accept anything less.

Mr Jonah is due to report back to Mr Boutros Boutros-Ghali, the UN secretary general. During the envoy's visit, Mr Rabin refused to reverse the deportations and the Lebanese government rejected an Israeli proposal that humanitarian supplies be delivered to the camp from both sides.

Yesterday, Mr Yasser Arafat, leader of the Palestine Liberation Organisation, said after a meeting with Mr Boutros-Ghali in Geneva that the deportations were a "war crime" and a form of ethnic cleansing. He urged the UN chief to do all he could to force Israel to take back the deportees.

France yesterday proposed that the Palestinians be placed provisionally under the responsibility of United Nations Forces in Lebanon (Unfil).

Foreign Minister Roland Dumas said he had made the suggestion to Mr Boutros-Ghali during talks in Geneva on a range of world issues.



President Moi: facing a crisis

Divided opposition hands victory to Moi

Whole tribes come out against ruling party, Julian Ozanne reports

EARLY returns from Kenya's elections showed yesterday the country had voted on divisive tribal lines, with President Daniel arap Moi heading for victory on a minority of the vote because of a split in opposition support between three main challenges.

For the first time in Kenya's history, however, yesterday's results revealed the extent of the unpopularity of the ruling Kanu party and the solid opposition of several provinces and tribes to the continued rule of Mr Moi.

The results also showed that the opposition would have swept to power if it had agreed to an electoral pact and united behind one presidential candidate, instead of fragmenting into different parties based on tribalism and personal greed for power.

Political observers said last

night that Mr Moi faced a considerable challenge in trying to rule a divided Kenya.

With results in the presidential race announced in 34 of 188 constituencies by last night, Mr Moi had won 342,937 votes, or 41 per cent. Mr Moi's lead was artificially inflated by the early declaration of results from his power base of Rift Valley province. Mr Kenneth Matiba, the presidential candidate of Ford-Asili, was leading the race for second place with 286,853 votes (32 per cent), well ahead of seven other contenders.

In the Rift Valley, a Kanu heartland and home to Mr Moi's Kalenjin people and other pastoralist minority tribes, the eight Rift Valley constituencies which had declared results by last night gave him more than 93 per cent of the presidential vote.

Mr Moi was also drawing

strong support from Coast province and from Northeastern province, which the government has closed off to opposition activity.

In Western province Mr Moi was in second place behind Mr Matiba with four results declared.

In the Coast, however, the first results from the provincial capital of Mombasa town in Changamwe constituency showed massive support for Mr Jaramogi Oginga Odinga, presidential candidate of Ford-Kenya, reflecting the influence of the banned Islamic Party of Kenya which did an electoral pact with Ford-Kenya.

The IPK was expected to continue to have a favourable impact on votes for Ford-Kenya in Kwale and Mombasa districts of Coast province as more results are announced.

Ford Kenya was last night sweeping three of the four

districts of Nyanza province, the homeland of Mr Odinga's Luo tribe. Other opposition parties, led by Mr Matiba, were also hammering Mr Moi and Kanu in Central and Nairobi provinces, homeland of the powerful and disenchanted Kikuyu tribe.

In the five of 30 constituencies which had declared presidential results by last night Mr Moi had won a mere 3 per cent. Mr Matiba led the presidential race in Nairobi and Central provinces with nearly 75 per cent of the vote.

"Moi is going to face a crisis of governance after the elections because it is impossible to rule Kenya without the Kikuyu and the Kikuyu have now declared forcefully they are completely in opposition to Moi," said Mr David Throup, a Kenya specialist at Keele University of the UK who observed the elections.

NEWS: UK

Tougher Bank action likely on fraud cases

By Robert Peston, Banking Editor

THE BANK of England is likely to become more aggressive in closing down or limiting the activities of banks suspected of fraud or ineptitude, according to the head of a new Special Investigations Unit within the Bank.

The unit - headed by Mr Ian Watt, a former partner at accountants KPMG Peat Marwick - was set up following criticism of the Bank's role as supervisor of the Bank of Credit and Commerce International, the corrupt international bank which was closed in 1991.

"The shift [in the Bank's supervision policy] may be from 'well one can't act [against a bank] unless it's absolutely certain that one's fears are justified' to being prepared to act quickly in the interests of depositors when the evidence suggests that there is something seriously wrong", Mr Watt said.

"We want to detect the fraudsters at an early stage and strangle them, string them up as quickly as possible, but in the course of detecting them

we must not provide such a blanket approach as to hang any innocents," he added.

His remarks were contained in an article in the *Old Lady*, the Bank's staff magazine, which also contained an interview with Mr Peter Peddie, a former partner of the solicitors Freshfields.

Mr Peddie has been appointed to take charge of the Bank's new Legal Unit, which will advise the supervision department on its powers to take action against banks suspected of fraud under the 1997 Banking Act.

Mr Peddie said bank supervisors across the European Community must employ a set of agreed minimum standards in their approach to banks suspected of corruption. He said this was essential since EC banks will from the beginning of the year have a passport to set up anywhere within the EC, under the Second Banking Directive.

The establishment of both the Legal Unit and the Investigations Unit were a response to criticisms of the Bank made in October by Lord Justice Bingham in his report on the Bank's supervision of BCCI.

RSC loses sponsorship contract worth £700,000

By Antony Thorncroft

ROYAL Insurance is not to renew its sponsorship of the Royal Shakespeare Company, Britain's leading Elizabethan theatre company, when its three year contract expires at the end of 1993. The contract is worth £700,000 a year to the RSC.

When Royal Insurance signed its first major deal with the RSC in 1988, the £1.4m contract was the largest in arts sponsorship. The contract was raised to £2.1m and renewed in 1991.

In the current financial cli-

mate the RSC will have problems finding a company willing to provide as much backing as Royal Insurance, and it might seek to make good the shortfall in its income with smaller contributions from a number of sponsors.

The loss of the Royal Insurance sponsorship will not force the RSC to make any immediate economies. Its annual turnover is £23m and its most recent production in London's Barbican Theatre, Kenneth Branagh in *Hamlet*, attracted a box office advance in excess of £1m and is playing to capacity houses.

Britain in brief

Supermarket challenges rivals' prices

J Sainsbury, the UK's biggest supermarket chain, launched an aggressive round of price-cutting by grocery retailers yesterday as it pledged to reduce prices on 750 lines from Sunday, including savings of 50 per cent on some items.

Competitors Tesco and Sainsbury were quick to unveil details of their own January promotions, raising the prospect of a price war, but most industry analysts dismissed this possibility.

"It's not the start of a price war, but it is a significant step up in the level of promotional skirmishing", said Mr Nick Bubb, retailing analyst at Morgan Stanley.

Replacement urged for ODA

Mr Michael Meacher, Labour's spokesman for overseas aid, has called for the Overseas Development Administration to be replaced by a department of humanitarian affairs amid claims that UK officials have failed to adapt to the spread of ethnic conflicts.

Teenagers opt for Europe

Eight out of ten British teenagers would look for work in Europe, according to a survey for TSB, the clearing bank. Only 20 per cent of 17 year olds believed they would never be unemployed, but many saw EC countries as an alternative career location.

Change on top

The ability to manage change is the most important characteristic of a good manager, according to a business survey by management consultancy Kinsley Lord.

CBI and Chambers of Commerce envisage recovery after year of bankruptcies and liquidations Employers optimistic despite business failures

By Peter Norman, Economics Editor

TWO of Britain's leading business organisations have ended 1992 on a guardedly upbeat note in spite of statistics yesterday showing company failures at a record this year.

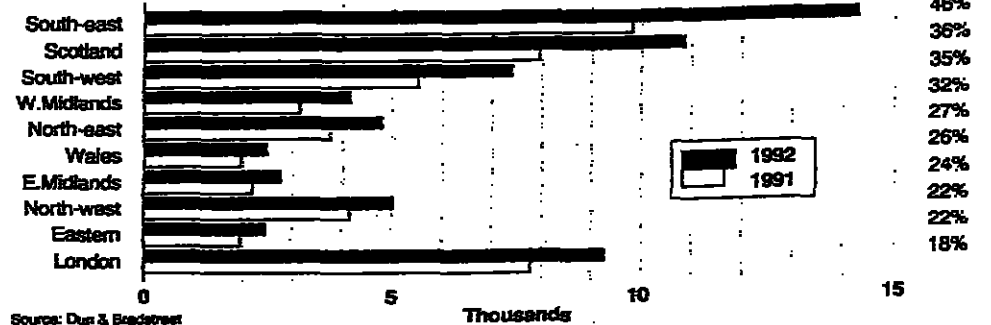
Sir Michael Angus, president of the Confederation of British Industry, said there were good prospects for recovery during 1993 provided industry's improved competitiveness was not eroded by higher inflation.

Mr Richard Brown, director of policy at the British Chambers of Commerce, said business "should be able to look forward to a healthier 1993" and forecast that the economy would be in a better state at the end of next year than at the beginning.

Their comments came as Dun & Bradstreet, the business information group, disclosed a 31 per cent increase in business failures in Britain to nearly 63,000 this year. South-east England, Scotland and

Where the rise in business failures has been sharpest

1992 total = 62,767 (31% increase on 1991)



Source: Dun & Bradstreet

Greater London suffered the biggest concentration of failed businesses, together accounting for 54 per cent of all bankruptcies and liquidations in 1992.

However, Mr Philip Mellor, Dun & Bradstreet's marketing manager, said there were signs that the increase in company failures was slowing down. Although a record 16,222 companies failed in the fourth quarter of the year, the total

was only 2.5 per cent higher than in the third quarter. Between the third and fourth quarters of 1991, by contrast, the number of business failures increased by 37 per cent to 14,245.

In his new year message to CBI members, Sir Michael said British companies were starting to benefit from the pound's lower exchange rate, lower interest rates and lower inflation while opportunities

were being created by the European Community's single market. US recovery and growth in the Far East and Pacific regions. But he warned that UK manufacturers would be able to increase market share only if they kept a firm control of costs, including pay.

The toll of the recession on south-east England, Britain's most important economic region, was highlighted in official figures yesterday. The

Central Statistical Office reported that share of gross domestic product attributable to the south-east, including London, slipped to 35.5 per cent in 1991 from 36 per cent in 1990.

Business failures reached a new quarterly high of 16,222 in the final quarter of this year. Liquidations of limited companies increased by 11 per cent to 22,938 in 1992 while bankruptcies, which generally apply to small non-corporate businesses, rose 47 per cent to 39,829. The statistics do not cover Northern Ireland.

But a Treasury spokesman said the business failure statistics followed the cycle of economic activity with a lag and that prospects had improved. Not only did Britain have low inflation, a more competitive pound and the lowest interest rates in Europe, but recent consumer and business confidence surveys together with anecdotal evidence such as the strong start to the winter sales were encouraging, he said.

Business seeks clearance on customs rules

Andrew Jack examines the readiness of UK traders to comply with European single market reforms

more have been waiting for details to be announced.

From tomorrow border controls for traders with other EC countries will be abolished. The old statistical document with 54 questions which had to be presented at each frontier will be no more.

In its place, businesses will have to complete two new boxes on their VAT returns, giving the value of imports or exports to other EC states. Those in which either figure exceeds £35,000 for the year will also be required to file monthly statistical forms and regular sales-listing forms to Customs.

Those likely to find the transition most painful are the businesses just above this threshold: too large to escape the extra requirements, too small to have dedicated staff to deal with them.

Many see the new burdens

without appreciating the benefits of increased speed at border crossings, because they used to delegate this administration to customs agents.

The lack of detail, meanwhile, has stalled final preparations. The directories required to complete the new statistical forms and the final document listing new procedures for businesses were distributed in the last few weeks.

Customs has taken the blame for the slow progress of its political masters. It was only in mid-December that EC

finance ministers drew up agreements dealing with the treatment of antiques and yachts, for example.

At that time they initiated a simplification directive on the subject of "triangulation" by which a company in one EC country supplies a customer in a second state through a sub-contractor in a third.

Privately, Customs officials despair at the attitude of many businesses - accusing them of being more eager to criticise the changes than to embrace the opportunities of the single market.

They also say there has been some self-interested scaremongering by consultants and computer suppliers hoping to generate extra business from unjustified fear of the changes. They stress the UK has fought with other states to reduce the burdens on business. The number of questions

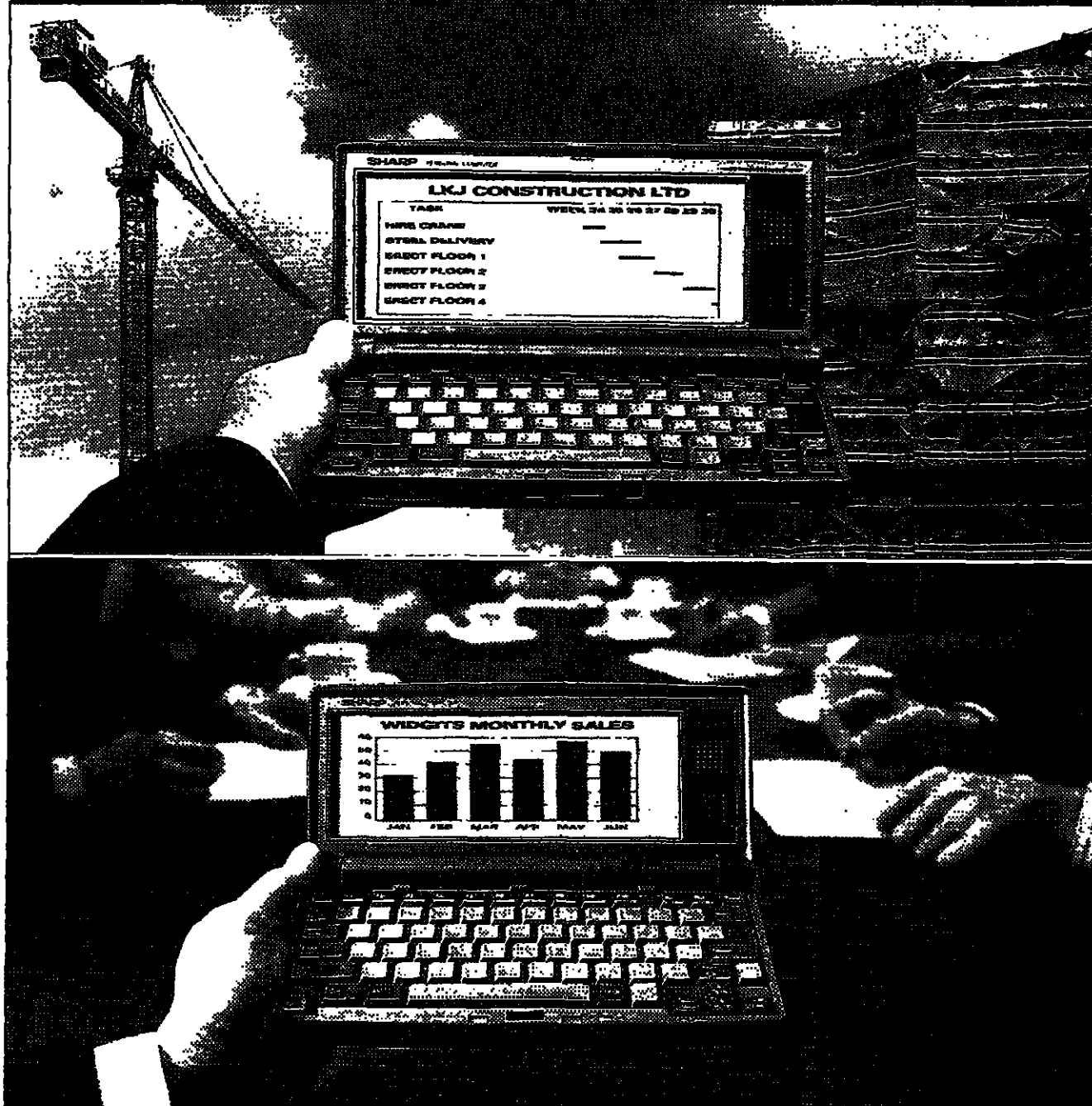
on the new statistical form has been kept to a minimum, and the proportion of companies required to file the forms has been reduced to lower levels than in other EC states.

Officers have visited almost all the 30,000 traders affected by the new procedures, in addition to an extensive programme over many months of distributing publicity material and hosting presentations.

That compares favourably with the position elsewhere. Mr Peter Wilmet, head of the EC Commission's indirect tax and customs directorate, admits "It has been difficult to get firms to listen, but many member states have not made enough effort."

In the last few weeks countries such as Spain, Italy, Portugal and Greece have redoubled their efforts to notify businesses of the changes required. "Nobody believes we will have all the rules and that firms will know what they are meant to be doing on January 1," he says. "Until you test it, you can't be sure."

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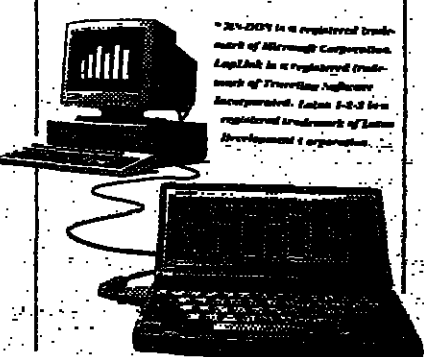
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**On Jan 2, 1893
history was made
when the FT
turned pink.**

**On Jan 4, 1993
we'll be making
history again.**

On Monday January 4, the Financial Times will be celebrating 100 years of being pink. We'll be printing a 62 page souvenir issue as unique as the 1893 edition.

As well as a full size reproduction of that first pink paper, we'll be running articles on how and why we first turned pink.

But Monday the 4th isn't just a historic day for the FT, it's also the first working day of the European single market.

So, in addition to our usual news and features, we'll be devoting a section of that day's paper to analysing what the single market means to you and your business. So buy the FT on the 4th and don't miss the most collectable FT since Monday January 2, 1893.

FT. 100 years in the pink.

FINANCIAL TIMES

The year sterling broke down, Bosnia

1992 IN REVIEW

Two dollars for every pound! For a brief moment in September, US holidays looked cheaper for Britons than at any time since the early 1980s. But that was the high point of sterling's roller-coaster ride. On the day after John Major's election victory, the pound had soared three pence against the D-Mark. For the next six weeks, hot money poured into sterling. But Denmark's No to Maastricht was the moment the roller-coaster went over the top. On August 27, with the pound less than two pence from its ERM floor, the Bank of England spent nearly £1bn trying to prop it up. In vain. Speculators sold sterling through the floor, forcing the UK to suspend ERM membership on September 16, which was immediately christened Black Wednesday - showing the limits of Political Correctness. Within weeks of the UK's first official devaluation since 1967, the pound had slumped to DM2.37. But its subsequent bounce provides evidence for the belief that leaving the ERM may have put Britain on the road to growth. In the City these days, September 16 is Happy Wednesday.

DM per £

3.00

MEDALLISTS

Gold

Rigoberta Menchu

Betty Boothroyd

Nigel Mansell

Lindor Christie

Nick Faldo

The dream team

Chris Boardman

Barcelona

Toronto Blue Jays

Brass

"President of the Board of Trade"

Madonna

John Bryan

Stan Flashman

Anthonia de Sancha

Alan Sugar

George Soros



You say Amato

I say Tsongas



I say potatoe

Excellent year

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to take his word for it. As a son-in-law, I can envisage worse. At my age you make the best of what you have and he is the only son-in-law I have."

Professor

Edward Hall

"Girlfriends aren't something I have a problem finding, 12-year-old

Mickie

Calkins home alone after ditching his 11-year-old girlfriend

Hillary Clinton

"David Mellor has said himself he's been foolish and we might well have

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Punch

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Foreign companies are discovering consumer affluence in a fast growing market. Simon Holberton reports

Cracking the China syndrome

China has been a beguiling business opportunity for almost 200 years. In the 19th century it was the Manchester cotton spinners' dream to put a shirt on the back of every Chinese.

Today the dream remains the same. It is just the product that has changed.

Nestlé, the Swiss food company, is making a concerted push to expand its business in China. It recently bought the China assets of Dairy Farm, the Jardine Matheson-controlled Hong Kong-based dairy products manufacturer, to add to its existing interests in baby food products.

Procter & Gamble, the US consumer products group, has entrenched itself in Guangdong, China's fastest growing province, while its detergent advertisements can be viewed on television in Beijing.

Seven-Eleven, the mini-mart franchise chain owned by Dairy Farm, has established itself in Shenzhen, a special economic zone to the north of Hong Kong. Dickson Concepts, a Hong Kong retailer of luxury goods and owner of London's Harvey Nichols department store, is planning to manufacture and retail a line of luxury items specifically targeted at the Chinese consumer.

The increasing corporate interest in China's consumer market is linked to the growing affluence of an increasing minority of China's 1.2bn people.

But a recent study by McKinsey, the US multinational consultancy, shows that companies wishing to tap the market should direct their efforts at the sizeable and growing pockets of wealth in China.

The study estimates that there are currently 60m Chinese consumers earning at least \$1,000 (£657) a year, a level at which substantial

consumerism becomes apparent, according to McKinsey.

Today "consumers in the more affluent areas of China may well be as rich as, or richer than, the average Malaysian, Thai or Indonesian consumer".

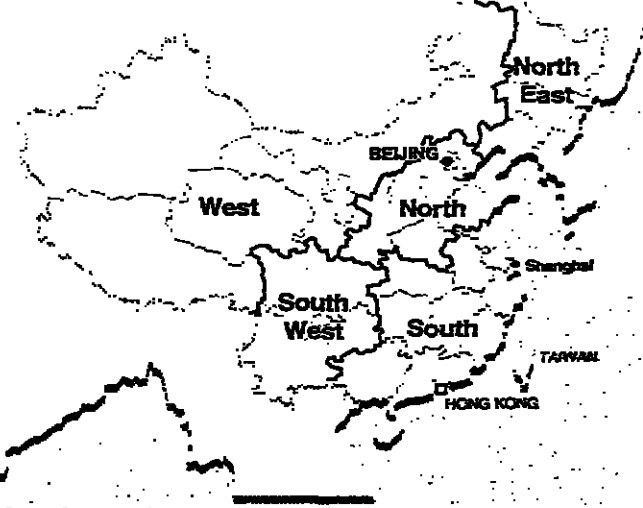
China's 60m-strong consumer market compares with 15m-20m for Malaysia, 35m for Taiwan and more than 40m in Korea.

By the end of the century the number of affluent consumers could rise more than three-fold to 200m when China will have a market for consumer durables that is, in terms of purchasing power and population, larger than most of the east and south-east Asian markets today.

The affluent consumers, however, are not concentrated in one area.

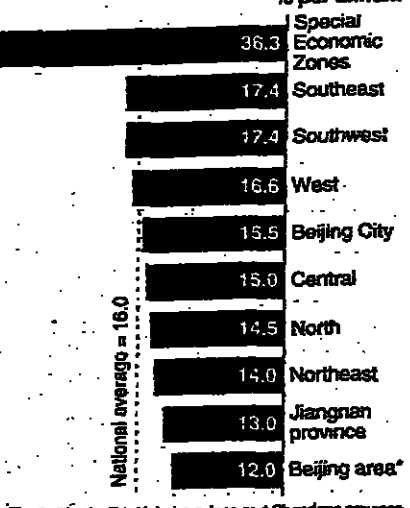
The main markets are in southern China - Shenzhen and Guangzhou (Canton) - Shanghai and, in the north, Beijing and the nearby indus-

The Chinese market



Source: China State Statistical Bureau, McKinsey

China's income growth 1986-90



* Includes Tianjin Municipality, Hubei province and Shandong province

US brewer moves ahead

When James Koch asked distributors eight years ago to carry beer from a brewery he had just started up in Boston, Massachusetts, none took him seriously. "They thought it was a joke," Koch said. "We couldn't get a single distributor to take our brand." But they are not laughing any more. Koch's creation, the Boston Beer Company, whose flagship is the Sam Adams brand, is now the 13th largest brewer in the US, with 1992 sales up more than 60 per cent on 1991.

The beer is sold in nearly all parts of the US and has made inroads into Europe. In Sweden, for instance, Sam Adams is among the top 12 imported beers. "Having a good product is the best marketing strategy in the world," Koch said.

Koch's success is even more impressive considering the market he competes in. Sam Adams has a distinctive taste, a far cry from the mild variety Americans are used to drinking.

Starting out with no advertising budget and no distributor, Koch tried some novel marketing routes. He entered, and continues to enter, his beer in as many taste contests as possible.

Winning awards for the best overall American beer four years in a row at the American Brewers' Association tasting contest brought Koch free publicity.

The company jealously guards the beer's quality. To make sure the taste is never compromised, the company prints expiry dates on its labels.

Koch recalls with humour the first days of Boston Beer Company's existence. "I had nothing but what was in the bottles," he explained. "Because no distributor would take on the brand, I had to go around to Boston bars myself, asking them to offer it to their customers."

Koch is uncertain how much the company will expand. "This is a strong-tasting beer which will probably only appeal to, say, 2 per cent of Americans. But 2 per cent of the US is a large market. And then there's the export market into Europe."

Victoria Griffith

The advent of the European single market has encouraged more companies to reflect the shift towards trans-nationality in their products. The most immediate way to tell customers - and staff - that you are a multinational is through product and graphic design.

Texaco is one company which is going through a design revamp, turning a design hotch-potch of oil products aimed at the domestic purchaser into a single, unified look.

But the \$1m (£600,000) which Texaco has ploughed into redesigning its domestic-user oil range since 1989 is prompted by more than a wish for cosmetic change.

According to Rudy De Pauw, general manager for lubricants and technology of Texaco Services Europe: "The European forecourt market (for motor oils and related products) is declining at 5 per cent a year."

Yet although the \$250m European forecourt market for oil and oil derivatives is in such a parlous state - thanks to both

Texaco adopts can-do approach to design

Gary Mead explains why the oil group is revamping its packaging

the increased efficiency of cars and a decline in the number of people doing home maintenance - it is still worth \$25m a year to Texaco, one of the five big suppliers.

De Pauw hopes that the re-design of Texaco's domestic oil packaging will shift Texaco's share from 10 per cent to 10.5 per cent annually, worth an additional \$1.25m.

De Pauw also believes that another design change will not be necessary for five years. If his calculations are right, Texaco is thus looking forward to a total \$6.25m return on its redesign investment.

He says: "What we are trying to do is get better brand recognition across Europe, to have throughout Europe a uniform recognition."

"We felt that not only was the previous packaging looking a bit tired and dated, but also we had



Better by design: Texaco wants a unified look for its products

a different type of packaging in every European country, and different styles of packaging even

within the same countries. We discovered through our customer research that people felt our

product ranges had a chaotic look."

Texaco employed the London design agency Selbert Head to come up with a design that would tap into a common pan-European feel for colours.

They discovered that black is accepted everywhere as a colour associated with diesel oils; silver for premium oil products; anthracite for multigrade oils and light grey for ancillary products.

Certain packaging designs were rejected as not suitable. One plastic carton shape - rounded at the edges - was considered but thrown out when consumer research suggested that customers associated the shape more with household detergents than motor oils.

And the new packaging is not just about looks; part of Selbert Head's brief was to come up with plastic bottles which pour smoothly and don't gurg un pleasantly over

customers' hands and feet.

"What we now have is a range of products designed to look as though they belong to a family, which we know makes people more attracted to them than before," says De Pauw. Furthermore, having a coherent packaging design reduces the cost of Texaco's other promotional activities.

De Pauw suggests that Texaco will make savings of between \$300,000 and \$500,000 annually, since having the same package designs throughout Europe means the company will be able to produce pan-European advertisements with the same look and message for all countries in which it operates.

In 1993 Texaco plans to return to television advertising across Europe; it is currently in the process of reviewing its advertising agency account and options.

De Pauw says that while packaging redesign can perhaps lubricate Texaco's image, "it cannot reverse the decline of sales to the home buyer. It's about getting an extra edge on market share."

ON TIME, ON BUDGET AND £9 BILLION ON THE ORDER BOOKS

Six years and £1,850 million after work first begun on THORP (the Thermal Oxide Reprocessing Plant), British

Nuclear Fuels is pleased to announce that the construction of this flagship plant at its Sellafield site in Cumbria has now been completed and that commissioning is well under way.

As the largest and most technically advanced facility ever built by BNFL, THORP is capable of recycling the spent fuel from both Advanced Gas-Cooled Reactors and Water Reactors, from here in Britain and overseas.

By doing so, THORP will enable us to extend the world's uranium energy potential from approximately 200 to as

much as 1,000 years by recycling recovered uranium and plutonium for re-use in civil reactors. Every tonne of fuel will preclude the need to burn up to 100,000 tonnes of coal.

The £9,000 million already on the order books fully covers the first ten years, and approaching 40% of the second ten years of THORP's capacity. And as almost half of this business will bring in foreign revenue from

countries such as Japan and Germany, it means that THORP will be contributing enormously to the future prosperity of the nation's economy.

Yet this is just the latest addition to a whole range of nuclear fuel cycle services which BNFL provides for the benefit of its customers and for Britain.

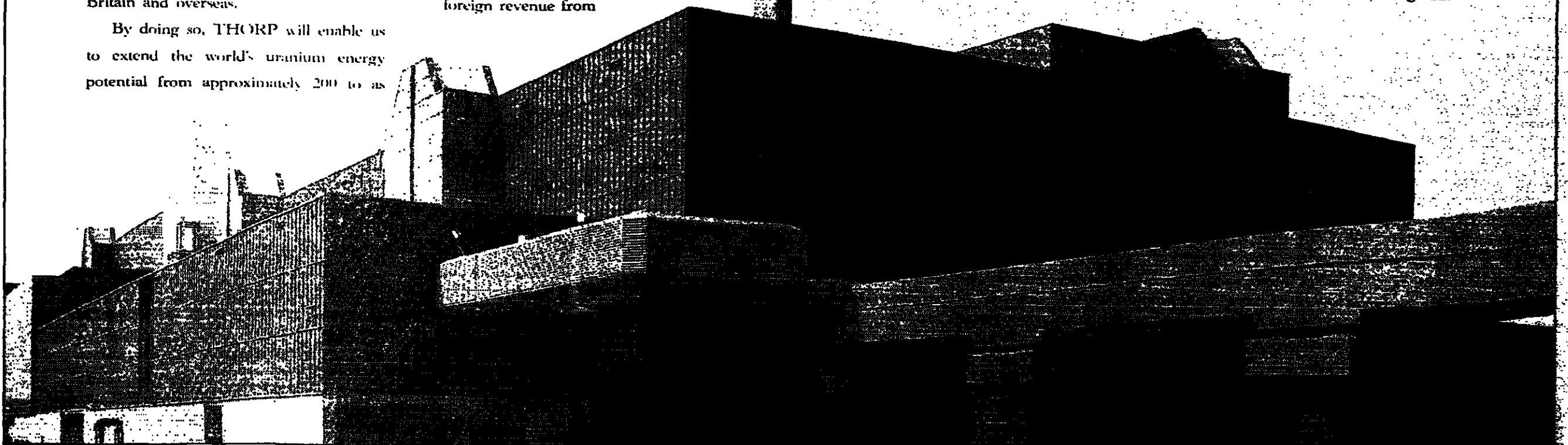
Uranium enrichment, transportation, fuel manufacture, Magnox recycling, waste

management, engineering and decommissioning are all currently available from our Capenhurst, Risley, Springfields and Sellafield sites in the North West of England.

For years the diversity and quality of these services has made us a world-beating company. THORP will ensure it stays that way for many decades to come.

BNFL

British Nuclear Fuels plc, Public Relations, Risley, Cheshire WA3 6AS, England.



Cinema in 1992/Nigel Andrews

The laws of time defied

The Western is dead, long live Clint Eastwood's *Unforgiven*. The heyday of the animated feature was 40 years ago, when the animation studio of the time, Disney, produced the first animated feature, *Steamboat Willie*. But the animation studio of the time, Disney, produced the first animated feature, *Steamboat Willie*. But the animation studio of the time, Disney, produced the first animated feature, *Steamboat Willie*.

Christopher Columbus, a bisexual Italian Jew (not many of those characteristics got into the movie), bestrides the Atlantic in three different films. He was Gerard Depardieu, George Corrae and Jim Dale, and his story was celebrated for no better reason than that the sun had risen 1,825,000 times, not counting leap years, since the original Columbus crossed the Ocean in 1492.

That was a trip that would lead ultimately to the discovery of Hollywood. And therein, doubtless, lay the film world's infatuation with this explorer. Columbus beached his landing boat in October 1492: the shudder in the sand engendering there Metro-Goldwyn-Mayer, Gramma's Chinese Theatre, the Walk Of Fame, Francis The Talking Mule, Greta Garbo, Charles Chaplin.



New lease of life to Westerns: Clint Eastwood and Jaimz Woolvett in 'Unforgiven'

to art. *Bugsy* was a dazzling free-form fresco of gangster life in Los Angeles. Terence Davies' Liverpool autobiopic, haunted by music and the movies, presented a childhood made mythic by memory. Tom Kalin's *Swoon* saw the Leopold-Loeb murder case through a shivered glass of new perspectives. And in *The Best Intentions* screenwriter Ingmar Bergman turned his parents' courtship and marriage into an epic of glowing Strindbergian power.

Fidelity, whether to biographical truth or to literary text, is a pedant's virtue. At best, in adaptation movies like *Howard's End* and *Glengarry Glen Ross*, one admires the skill with which a film-maker holds the horses steady while a series of distinguished actors jump on their backs. Sometimes, too, fidelity is shocked into life by a blast of the real as a story leaves printed page for great outdoors: as in Bruce Beresford's spectacular film of Brian Moore's *Black Robe*.



A feminist Belle in Disney's 'Beauty and the Beast'

There can be no better Christmas fare in London than Frederick Ashton's romantic, funny, dreaming, brilliant 1948 three-act ballet *Cinderella*. Charming on first encounter, it rewards multiple viewings. Despite the celebrity of its earliest interpreters (Ashton and Robert Helpmann continued as the Ugly Sisters until 1976), it succeeds with several casts at each revival. Even if *Cinderella* and her Prince fail to convince as love's young dream, the ballet still offers endlessly absorbing choreography.

The scene that best repays repeated viewing is Act Two, the ballroom. This is a strangely intense realm, mysteriously sophisticated. Steps ricochet around in beguiling theme-and-variations patterns as if it were a hall of dance mirrors. Why are the Prince's four gentlemen dancing steps that we saw the Season fairies dance in Act One? Who are these courtiers, endlessly echoing the steps and character-

tics of the Jester, or the Prince and his friends, or Cinderella and her fairy retinue? How come Cinderella - who in the kitchen was the beating heart of the whole ballet - is now the most mysterious and elevated person in the whole ballroom? Why is the choreography often turned around, so that we keep seeing the dancers' backs instead of their faces? Through all this shimmering neoclassic construction blunder the vain, hapless Ugly Sisters, in desperate pursuit of all remotely eligible members of the male sex.

Everything - including the peculiar staccato emphasis of the steps - keeps accumulating. Till midnight: when the most thrilling, most terrifying episode of the whole ballet occurs. Time catches up with Cinderella, and hems her in. Fairies, courtiers, jester, prince

all bar her way, trap her, keep hammering down steps into the floor and into the music's twelve midnight strokes of doom. As danced today, the roles of the Ugly Sisters are weary collections of stale business. In this season's first two casts, only Derek Rencher is tolerable - a credible gorgon, looking like the Duchess in *Alceste* - though he has no real wit. But David Bintley's funny walk is unfunny; and Steven Wicks and Oliver Symons are worse. These sisters have been conceived without affection, or coherent detail. Facial mugging abounds; the steps are under-danced. The clue to these characters lies in their choreography. (If you want to see how the Oomph Trot should look, watch Gracie Allen in the 1937 Astaire movie *A Damsel in Distress*.)

Cinderella, however, remains a beautiful role - and challenging. Viviana Durante (first cast) shows dance detail of ravishing clarity and liquidity. This performance, in terms of three-act stamina and musical timing, marks a new high in her career. So what do I miss amid all her accomplishments? A certain through-the-body decisiveness - and sheer heart. Cinderella, like all Ashton characters, has a real nervous system: which only entered Durante as she recalled the ball in Act Three. Her Prince, Bruce Sansom, could not have been more pretty or correct or charming; but as a romantic hero he is all too Philip Schofield.

The Bolshoi guest artist Nina Ananiashvili, though coping much less perfectly with the role's footwork and musical timing, is one of nature's Cinderellas - forlorn in the kitchen, blithe in the ballroom, tender and generous. I love her natural expansiveness, the elegant mobility of her torso, and her sweet good manners. Stuart Cassidy - always a model of virile charm, though slightly too solemn and with no particular brilliance - partnered her beautifully. No prince in this ballet has been so believable since David Wall. Though *Cinderella* is among the most indestructible ballets Ashton made, the omens for its future are not cheering. As in *The Dream* this winter, there are few dancers amid the Royal's current corps or soloists who have the fleet, neat footwork or vigorous torso called for by Ashton choreography. Rarest of all is the knack of coordinating upper and lower body to rich and intricate effect; and without strain. As

A year that started with Tony Kushner's epic *Angels in America* at the National and ended with Adrian Noble's production of *Hamlet* at the Barbican can hardly have been a bad one for theatre in Britain. *Angels* had an intellectual spread in the writing and an artistic depth in the performance rarely to be found in tandem. The same can be said of *Hamlet*, though Noble had a better text to start with. There were at least 10 other productions that will remain indelibly in the memory. I list them in the order in which they appeared.

Gregory Herscov's production of *Romeo and Juliet* at the Royal Exchange, Manchester, where there was a strikingly wild Romeo played by Michael Sheen, probably the first to end drinking from a bottle of Jack Daniels. Uncle Vanya at the National's Cottesloe Theatre, directed by Sean Mathias with Sir Ian McKellen as Vanya and the entire cast playing to a perfection you will seldom see again. The pity was that there were so few performances.

Déjàvu by John Osborne at the Comedy Theatre where the Jimmy Porter of *Look Back in Anger* reappeared in middle age and was as articulate as ever. *Six Degrees of Separation* by John Guare at the Royal Court, which showed the American talent for fast, witty and socially nuanced dialogue and had a wonderful performance by Stockard Channing, a woman who acts as well as she looks. *The Winter's Tale* directed by Adrian Noble at the Royal Shakespeare Company's home in Stratford. There, one now realises, was the foretaste of the mastery of an entire text

that was to come in this month's production of *Hamlet*. *The Voyage Inheritance* and *The Madras House*, both by Harley Granville Barker, at the Edinburgh Festival. Here was a reminder of how strong the European theatre was in the early years of this century: educated plays for an educated audience. *The Madras House* had a new twist: the daughters doubled with the mannequins. *Le Baruffe Chiozzotte* by Carlo Goldoni, which made a brief appearance at the National in a production by Giorgio Strehler's Piccolo Teatro di Milan. The dialect may have been hard to follow even for Italians, but it was a lesson in staging from which even the National can learn. *Prandello's Six Characters in Search of an Author*, which also passed through the National in a production by Franco Zeffirelli. I singled out the playing of Benedetta Succato as the step-daughter, but it was a team performance *par excellence*. *The Tempest*, directed by Yukio Ninagawa on a visit to the Barbican. Once again here was an indication that however good our home ensembles have become, outsiders still have something to teach in the way of technical perfection and elements that go beyond the words. There were, of course, other incidental pleasures in the course of the year. It was hold of the National to revive the original *Pygmalion*, and you would have to be dull of soul not to enjoy Maria Aitken and her sup-

porting cast in Noel Coward's *Hay Fever*. Timberlake Wertenbaker's *Three Birds Alighting on a Field* had a new outing at the Royal Court and showed that it is still possible to be both contemporary and witty. The Kings continued to please, led by The Gate with its European season and The Bush with its performance of Billy Roche's *Wexford Trilogy*. Those two pub theatres, in Notting Hill and Shepherd's Bush respectively, have

become an essential part of the theatre scene, often heavily oversubscribed. Yet if you look at the list above, several facts stand out. Most of the plays are either foreign or classics or both. The two best modern plays were American: *Angels in America* and *Six Degrees of Separation*. Shakespeare, whether native or imported, accounts for four of the 12 entries. Two of the Shakespeare productions - *Hamlet* and *The Winter's Tale* - are by the same director: Adrian Noble. Much of the best work has taken place on the stages of the two big subsidised theatres, the National and the RSC, espe-

cially if one includes the imports. The Granville Barker plays do not fit into any particular pattern; they are revived periodically. That leaves only one new British play in the top 12 productions of 1992: *Déjàvu*. And while I admired it a great deal, I have to admit that it flopped. Some people reminded us that they had never liked *Look Back in Anger* in the first place and did not want to revisit it. A younger generation knew little about the original excitement and therefore had no interest in Jimmy Porter 35 years on. Osborne has suggested that he will not write for the theatre again, but the conclusion is sadder than that: there is now no school of British dramatists writing about the present in the way of Osborne and his fellows in the 1950s and 1960s. Perhaps we should not be too surprised. Great waves of new theatrical writing do not come very often. There was the Elizabethan/Jacobean explosion matched, as the Gate has been showing us, by a similar golden age in Spain with such playwrights as Tirso de Molina. Then there was the more intellectual departure around the beginning of this century not only with Granville Barker and Shaw in Britain, but Ibsen and Chekhov abroad. The apparent new take-off in the mid-1950s does not look nearly so revolutionary with hindsight. As the revival of *Billy Liar* at the National demonstrated, what seemed like youthful, northern rebellion in 1960

High-style pulp for a holiday mood

When American freedom and democracy are in peril, the red telephone rings in Hollywood. National Security gets straight through to Central Casting and ensures that the right man gets the right job. But this has been the holiday season - no one at the right desks - and for a while it looked dicey for two rival crises. These were the Guantanamo Bay Murder Enquiry and the Save Whitney Houston Project.

Regarding the first: Who shall we get to confront the suspected villain in Rob Reiner's *A Few Good Men*? He is Colonel Jack Nicholson and he might have ordered the covert murder of a young Marine who was privy to a border shooting incident in America's Cuban base. Now the murderers are on trial, the Colonel is involved and we need a handsome, Galahadish lawyer to expose him. Sounds like a job for Kevin Costner, last seen pleading for Western democracy and fresh supplies of glycerine in *JFK*. But then Costner could be saved for the title job in Mick Jackson's *The Bodyguard*. Lean, macho, all-American, with that Mogadon whine of a midwest voice, Costner is an ideal co-star for glamorous black singer-turned-actress Whitney Houston, here stretching herself in her first straight role to play a glamorous black singer-turned-actress.

Rachel Marron (Houston) is under threat from an assassin who sends hate mail. She will only make it to the climactic Oscar ceremony if a brave man protects her all the way. National Security's first casting thought was Tom Cruise - but this might have meant Nicole Kidman in blackface as the singer. So why not give Cruise the courtroom brief in *A Few Good Men* (no romance) and Costner the mission to control Houston? Twenty minutes of red telephone work and Washington is satisfied. Whether filmgoers will be is something else. These two movies are high-style pulp from a writer (Lawrence Kasdan on *Bodyguard*) and a director (Rob Reiner on *A Few Good Men*) who should know better. Reiner for a while seems to know better. Adapting a play by Aaron Sorkin that ran for so long on Broadway that everyone forgot how close it was to *The Caine Mutiny*, he freshens it with fleet-footed staging and star acting.

Cruise is in fifth gear from the start as the Navy lawyer hero, a playboy-cynic who pleads bargains his way through courts and into female colleagues' beds. Only Lt Commander Demi Moore declines to recline. She wants him to wake up, grow up and take on the case she is investigating about a Marine base shooting. Meanwhile, out there in Cuba, Jack Nicholson's teeth and medals are flashing as if he were the Devil dancing in the pale moonlight. *A Few Good Men* is potholed with predictability. Are we meant to doubt that Cruise will come good? Or that Cruise and Moore, though they never clinch, will exchange starry-eyed looks at the close? Or that Nicholson, the man with chips on his shoulders to go

time and anyway a pop star is not a President. So Costner and Houston meet, put up the barred gates and video cameras and then - still 90 minutes to go - fall in love. As anyone knows who has been a bodyguard, you cannot guard someone and fall in love. Your eyes will melt into theirs; you will use your samurai sword romantically to slice in two their blue silk scarf as it flutters from the ceiling; you will make passionate love; you will not, in short, be on the *qui vive*. So the difficulties accumulate. Costner and Houston try to escape being shot by going North to stay with his Dad. But Houston's sister is shot. They escape South to the Oscars, but Debbie Reynolds is nearly shot. Finally it is time for Costner to hurl himself across Houston's body as bullets ping and to perform (almost) the ultimate sacrifice.

British director Mick Jackson (*L.A. Story*) treats the twenty-year-old screenplay by Lawrence Kasdan (*Raiders of the Lost Ark*, *Body Heat*) as a licence to print funny money. The Bank of Hollywood currency is here in full, fearlessly counterfeited circulation. The glutinous close-ups of multi-million-dollar stars; the richly twaddlesome supporting roles sketched in by Gary Kemp (PR person), Thomas Arana (suspect psycho) and Michele Lamar Richards (shot sister); and the satyrical crane shots that plunge and soar all over the heroine's pink-washed, super-rich mansion. But like *A Few Good Men* the film is never unwatchable: whenever credibility flags incredulity takes over. These are movies to start the year happily. Things can only get more sensible, but who begrudges a few hours of holiday mood before they do?

Nigel Andrews

Best of the theatre in 1992/Malcolm Rutherford

Either foreign, classic - or both

that was to come in this month's production of *Hamlet*. *The Voyage Inheritance* and *The Madras House*, both by Harley Granville Barker, at the Edinburgh Festival. Here was a reminder of how strong the European theatre was in the early years of this century: educated plays for an educated audience. *The Madras House* had a new twist: the daughters doubled with the mannequins. *Le Baruffe Chiozzotte* by Carlo Goldoni, which made a brief appearance at the National in a production by Giorgio Strehler's Piccolo Teatro di Milan. The dialect may have been hard to follow even for Italians, but it was a lesson in staging from which even the National can learn. *Prandello's Six Characters in Search of an Author*, which also passed through the National in a production by Franco Zeffirelli. I singled out the playing of Benedetta Succato as the step-daughter, but it was a team performance *par excellence*. *The Tempest*, directed by Yukio Ninagawa on a visit to the Barbican. Once again here was an indication that however good our home ensembles have become, outsiders still have something to teach in the way of technical perfection and elements that go beyond the words. There were, of course, other incidental pleasures in the course of the year. It was hold of the National to revive the original *Pygmalion*, and you would have to be dull of soul not to enjoy Maria Aitken and her sup-

Only one new British play reached this top 12 - John Osborne's *Déjàvu*

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Peter Egan in 'Déjàvu', John Osborne's Jimmy Porter at fifty-something

FINANCIAL TIMES

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Thursday December 31 1992

Soft speech and big sticks

PRESIDENT George Bush, who made the phrase "new world order" fashionable in the autumn of 1990, quietly dropped it one year later, presumably because it had raised unrealistically high expectations. Indeed, in 1992 the phrase has come to ring uncomfortably hollow, especially in Europe. In an article in yesterday's Daily Telegraph the British foreign secretary, Mr Douglas Hurd, referred to the "new world disorder", a phrase popularised earlier in the year by the French strategic analyst, Pierre LeLouch.

To Mr Hurd has fallen the task of managing the foreign policy of one of the five permanent members of the UN Security Council. He has thus found himself at the heart of such inchoate world order as there is. "Something must be done," that is, he said in a speech last September, "an impulse which we all feel, and we should realise where that impulse leads us. It leads to the repainting of parts of the map of the world in new colours - but this time the blue of the UN rather than the red of England or the green of France or Russia." The concept of "benevolent international interventionism" might, he conceded, be attractive, "but we should not wander down the new road without serious thought." It would involve a restructuring of armed forces and a massive increase in the funds required from member states by the UN and its humanitarian agencies.

Clearly he was, and remains, uncertain how big a burden of this type public opinion in Britain, or in other countries, would be willing to shoulder. His instinct is to fall back on diplomacy, to emphasise (as he did in yesterday's article) that "war cannot be the eventual arbiter between Serb,

Croat, Moslem or Albanian any more than it can between Israel and the Arabs".

Yet the article also revealed a foreign secretary painfully aware of his own argument's inadequacy. The trouble is, of course, that in the past war has all too often been "the eventual arbiter" between parties in conflict, and the Serbs clearly believe that it can be so in Bosnia. Up to now the war has gone mainly their way, with horrific consequences for the Bosnia Moslems; and unless the balance of force is changed by outside intervention, the "peace process" Mr Hurd favours can only ratify, or at best minimally adjust, the results of the war process.

So Mr Hurd finds himself playing "soft cop" to the "hard cop" of his American colleague, Mr Lawrence Eagleburger. He does not quite tell the Serbs he is on their side, but he dilates at length on his own dislike of military intervention, only to conclude by warning the Serbs that their conduct has "brought even those of us who hold that view to the point where we can imagine armed action against them". If this convinces the Serb leadership that the threat of such action is real and that they must retreat quickly in order to avoid it, well and good. But the constant display of doubt, by one of the main powers that will be called on to take armed action if it happens, has helped ensure that previous threats were not taken seriously, and may have that effect again.

Mr Hurd's anxieties about the use of force are legitimate. But he should be aware that the public airing of such doubts is not the best way to instil respect. Those whose task it is to enforce world order need to speak with greater self-confidence and firmness - in a word, with greater authority.

Thorp in trouble

BRITISH NUCLEAR Fuels must fear that its Thorp plant at Sellafield is a Christmas present will never be unwrapped. The Thermal Oxide Reprocessing Plant for reprocessing nuclear fuel has taken nearly 10 years and about £2.5bn to build, but the government is now seriously considering whether it should be allowed to start up.

The Inspectorate of Pollution is near the end of the formal process of authorisation, but the government has rightly judged that there are large economic, industrial and foreign policy issues at stake and commenced wider consultations. The arguments for reprocessing have changed since Thorp was given the go-ahead by the 1977 Windscale enquiry. Re-processing splits out reusable uranium and plutonium from "spent" fuel, leaving a residue of highly-radioactive waste. However uranium is still plentiful and cheap, contrary to fears a decade ago, and the suspension of research into fast-breeder nuclear reactors by the UK and France has removed much of the civil demand for plutonium. Meanwhile international concern that countries will acquire it for military uses has increased. Given the high costs of reprocessing, storage looks an increasingly attractive alternative.

Those changes cast doubt on the economic case for Thorp. BNFL argues that all of Thorp's capacity is booked for the next decade and 40 per cent for the decade after. On the basis of a report by consultants Touche Ross, it claims that

the contracts are worth at least £900m in future cashflow at today's prices, after accounting for operating and decommissioning costs.

However it is unclear how much weight should be placed on those projections. Decommissioning costs for Thorp arise the moment the first load of fuel enters the plant, making much of the quarter-mile-long structure radioactive. BNFL suggests these costs could run to £1.2bn, but has declined to say how long a life it assumes Thorp will have, and so over what period these costs should be spread.

Moreover, two thirds of BNFL's contracts are with overseas customers, whose commitment may have begun to weaken. Thorp's German orders arose from a law which may be changed next year and Japan intended to feed the plutonium from its reprocessed waste into now delayed fast-breeder reactors. If customers pulled out, BNFL would receive compensation, but Thorp's prospects would be badly damaged. But the option of abandoning Thorp is in turn complicated by the fact that its construction has been financed almost entirely by prepayments from customers.

It is premature to judge Thorp's future, but it is clear a new set of environmental and economic objections must be addressed by an open and lucid analysis of the facts. Early publication of the Touche Ross report would be a start.

Flawed elections

DEMOCRACY HAS lost in Kenya's first multi-party poll for 26 years. Should the government of President Daniel arap Moi retain power, its claim to legitimacy will be based on an election process that was not free and fair. The consequences for Kenya are unpredictable, but include a grave threat of instability. The failure of democracy in Kenya, once a role model for Africa, will have serious implications for stability in the region and for other transitions to democracy across the continent.

At best Kenya's angry opposition might settle for a strong parliamentary opposition which the country did not have before. But the millions of voters who queued so patiently to vote better. The west could have done more to ensure that they got it; and in doing so, it would have given greater credibility to "conditional" - the policy that links aid to democracy and accountability in recipient states. Just over a year ago Kenya's leading donors froze aid, calling for economic and political reform. Within a month President Moi lifted the ban on opposition parties.

Had those governments followed up their concerns by combining practical assistance with insistence that the election machinery be taken out of the hands of the ruling party. Kanu, the electoral

abuses that were to follow could have been avoided.

In the run-up to the election more than 40 opposition candidates were prevented from presenting nomination papers, leaving the ruling party unopposed in 15 constituencies in the 188 member parliament. Then followed the suspicious "defection" of more than 40 candidates to Kanu. Civil servants acted as party apparatchiks. State-controlled radio and television fell well short of impartiality. Opposition allegations that state funds had been diverted to Kanu are unproven but certainly warrant investigation.

Kenya thus presents the Commonwealth, with a critical test of the declaration made at its 1991 summit in Harare, Zimbabwe. This reaffirmed shared values of democracy and promised action in their support.

Monitoring the elections of member governments is a valuable way of putting the declaration into effect. If in its report on the election, the Commonwealth group fudges its conclusion and fails to make clear that the conduct of the election has been unacceptable, it will not only have done a disservice to Kenya. The Harare declaration and the new Commonwealth will have failed its first real test.

The staff of Thames Television will put on their best clothes tonight to go out in style. By the time the last bong of Big Ben greets the new year, the largest ITV company will have handed over to Carlton Television and become Britain's largest independent producer.

For many viewers, the opening of A Carlton New Year with Chris Tarrant, Paul McCartney and London pop maestros Squeeze, not to mention "the crazy antics of Canadian funny man Marty Puz", will be the first outward sign of three years of turmoil and government intervention in ITV. For some, it turned out to be an opportunity, for others a nightmare.

Away from the screen, not much will be different. A pre-programmed computer at the Post Office Tower will simply make the switch from one company to the other, but the moment will still mark the start of the long-awaited revolution in commercial television - Mrs Thatcher's revolution.

As a result of the government's insistence on competitive tenders for ITV licences which were up for renewal in 1991, four companies lost their franchises: more money is going to the Treasury from ITV than ever before, and more than 1,000 jobs have been lost as winning companies axed costs to try to stay in profit. From tomorrow Channel 4 will also be competing rather than collaborating with ITV in advertising sales.

Just after midnight Carlton will be joined by two other new kids on the ITV block. Meridian in the south and south-east of England, and Westcountry Television. At 6am, Good Morning Television will take over the breakfast franchise from TV-am.

The broadcasting world is already dividing into two camps on the subject of ITV. There are those who believe that the network has been taken over by accountants and will in future be unremittingly populist and ratings-driven. On the other hand, many feel that in the face of increasing competition from satellite and cable television the move to more cost-effective television was inevitable - and anyway the changes will not be all that great.

"The continuity will be huge," insists Peter Ibbotson, director of communications at Carlton and a former deputy managing director of BBC Television.

Apart from the new year variety show the first flavour of a Carlton programme will come at 4.15pm on new year's day with Surprise Party. A celebrity will be confronted by a host of friends and colleagues who will tell stories of his or her life, favourite things and songs. The show will include secretly filmed footage. A taxi-driver who is not really a taxi-driver will try to provoke the celebrity into revealing something of themselves.

The programme will undoubtedly be a surprise to the celebrity involved, but hardly to the viewer. Not only will it be presented by Michael Parkinson, one of the most familiar faces on British television, but nobody is attempting to disguise the fact that this is a reworked version of one of the oldest programmes on British television. This is Your Life, which will still pop up on Wednesday evenings, made by Thames, the independent producer.

"It's not a rip-off. It's just another way of doing it. We have to look at potential replacements for long-running formats," says Paul Jackson, director of programmes at Carlton. Another programme with a famil-

As Britain's new television companies prepare to switch on, Raymond Snoddy assesses their potential impact

Do not adjust your sets

far face will be Carlton's Good Getaways, which it hopes could be a potential replacement for Wish You Were Here, the holiday programme with an average audience of 13m also made by Thames.

"Some of the good, but oldest, shows just happen to be Thames shows," says Jackson innocently, sitting in his pink office with five television sets, four to keep an eye on what is happening on the four national channels and the other for London News Network.

Not every show is based on a tried and tested formula, however. Carlton's 100 hours of new network programmes for the first 35 weeks of 1993 range from Head Over Heels, a rock and roll drama set in the 1950s, to The Good Sex Guide.

At Carlton's headquarters London's West End theatreland, the changes transforming ITV can barely be seen. Carlton's office are just well - offices. They could just as well be occupied by an insurance company. There are no studios, and no programmes are being made. Carlton is a publisher broadcaster - essentially a commissioning house - directly employing about 300, compared with the 1,500 staff Thames had until recently for making its own programmes.

It is at LNN where the new face of independent television is created. A computerised transmission and broadcasting centre. The network, run by Mr Clive Jones, a refugee from TVS, which lost its franchise to Meridian, will give Londoners an integrated seven-day television news operation on ITV for the first time.

The newcomers are all increasing regional news output. Meridian is adding a third news centre in Newbury to cover the Thames Valley, and Westcountry will have no fewer than seven local news studios.

The main purpose of LNN is to bring national network news standards to bear on London Tonight, a 6pm-7pm, weekday news magazine for the region. But the news complex in LNN's London headquarters will also transmit all the output of Carlton, LWT and GMTV, the first time there has been such co-operation in London between ITV companies. Such co-operation is the shape of the future in a federal ITV system, where once there were 15 sets of everything - one for each company.

Some observers still think the companies which bid high to win their franchises will fail before 1993 is out as the recession continues to bite into advertising revenues. But the signs are that this will not happen unless the recession deepens: ITV believes it is out of the woods after taking £12m a year out of its costs; nearly 300 jobs have been shed following the merger between



The new face of independent television: London News Network

Yorkshire and Tyne Tees; GMTV has booked more than £50m in advertising before it goes on air - enough to cover its bid of £34.6m a year and the 15 per cent of its revenue it must pay to the Treasury.

Carlton, which bid £43.2m, is under budget. Its cash requirement will peak at £80m in the summer of 1993 at £20m lower than expected.

At ITV's central commissioning centre in London - another big innovation for the network - Andrew Quinn, chief executive of ITV, is becoming more optimistic. His big worry, that some of the high bidders would be too short of cash to sign up for their share of the

£515m-a-year network budget, has not been realised. The sum is less than the Independent Television Commission, the commercial television regulator, suggested, but it is the same as last year's figure increased for inflation.

Quinn believes that £515m is enough to capitalise on ITV's unique selling point: its prime-time schedule, which has been taking a 42 per cent share of viewing figures and routinely trouncing the BBC in the ratings. ITV executives admit the network is going to be more populist, more determined to produce ratings winners and more responsive in a more competitive

broadcasting market to the clients who pay for it all - the advertisers. ITV has been publishing prospective ratings figures on new programmes for advertisers, and executives from the new franchise holders have been explaining their objectives to advertising agencies.

So far, however, controversy has been limited to a few. The programme casualties are few. The Sunday night "God slot" - reserved for religious topics - moves out of prime time to make way for a film, while This Week, the award-winning Thames Television current affairs programme is replaced by Carlton's Storyline. In what some see as a suicidal manoeuvre, Storyline moves from 8.30pm to play against EastEnders, the BBC's most popular programme.

"It's been given a protected slot," says Andrew Quinn. As a result, it will not be expected to deliver the 8m or so expected from Granada's World in Action. ITV is still required under its licence terms to show current affairs, but pressure may increase to move them from prime time if audiences drop.

Three years ago Sir George Russell, chairman of the ITC, hoped he could save 60 per cent of ITV's existing range and quality of programmes in the face of growing competition and the government's policy of competitive tenders which he did not approve of. "I think the 80 per cent should hold," says Sir George, though largely through an improved regional service balancing the popular programmes on offer during prime time.

"We have the job of making sure that what they offer is diverse and we will be chasing that all the time," Sir George promises.

A part from the growth of regionalism, the ITC chairman believes "an unusually challenging mix" is emerging, which should keep ITV strong by broadening its programme sources. As well as the two new commissioning houses, Carlton and Meridian, there are the continuing 12 ITV companies, many of whom will still make a substantial number of programmes in-house, and Thames Television, offering both old and new programmes to the network centre.

For Sir George there are still two important items of unfinished business. One is the ITV appeal to the Monopolies and Mergers Commission against the Office of Fair Trading's rejection of its central networking arrangements with independent producers. The OFT claimed that the terms under which the network buys programmes from independent producers are anti-competitive. The second item is the question of ownership of ITV companies. From January 1 1994, ITV companies can be taken over by European Community companies, yet in the UK the time limit cannot acquire each other. Though some industry insiders believe ultimate ownership is irrelevant to carrying out regional broadcasting obligations, Sir George will be raising the issue with the government.

Tonight, as A Carlton New Year opens, European broadcasters may be starting to look towards takeovers in the UK. For Nigel Walsley, managing director of Carlton Television, it will be the culmination of more than two years' hard work. For both Carlton, and the other ITV companies, it is unlikely to be the end of change.

"Market forces, different government policies and technology will keep broadcasting in a state of semi-permanent revolution," Mr Walsley predicts.

Stranger than fiction

I, when your son reached nine, you discovered that he had been swapped at birth, would you want to keep the boy you had brought up or exchange him for your whiter-skinned biological son? This may have been one of the most momentous years in Brazilian history, climaxing in the world's first impeachment trial of an elected president, but the real dilemma exercising the nation concerns the plot of the top soap opera.

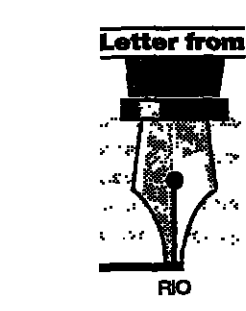
Even more than football and samba, soap operas or novelas as they are known, are a national obsession, drawing audiences of up to 80m each day. On TV Globo, the main channel and home of the best novelas, more than three of the four peak-time hours from 8pm to 10pm are devoted to soaps, and seven out of 10 TV sets tune in nightly.

As each six-month serial reaches its close, restaurants empty at viewing time and, whether on the bus or in boardrooms, people talk of little else. Executives' lunches start with heated discussions on who should keep which son before progressing to minor matters such as 1,500 per cent inflation or the president's impeachment.

For Brazil, 1992 has been the year of the soap opera - in real life as much as on the television screen. In classic novela behaviour, the president's jealous younger brother denounced him for corruption, sparking off a filial feud which sent their mother into a coma. Young Pedro Collor's motivation was apparently a past attempt to seduce his wife by Fernando, the glamorous head of state who loves dangerous sports.

Moreover, the street campaign which ultimately brought Collor down was fuelled by a mini-novela. Anos rebeldes (Rebel Years), about protests in the 1960s against military repression, encouraged students to take to the streets singing its theme song.

That a novela could, however unwittingly, help topple an elected president shows their influence. Rio psychoanalyst Alberto Goldstein



explains: "They not only provide escapism from economic and psychological problems but also have enormous impact on the behaviour of people, particularly given the general lack of education."

This can range from simply copying an actor's hairstyle to far more radical effects. After the heroine in *De Corpo e Alma* (Body and Soul), the melodrama currently gripping the nation, almost died from heart disease and was saved by a transplant, the number of donors increased rapidly. The high incidence of children mixed up at birth exposed by the novela has forced hospitals to introduce DNA testing. In a challenge to the nation's machismo, *De Corpo e Alma* has introduced the concept of the "male-object", inspiring male strip clubs to spring up all over Brazil, attracting middle-class women.

Gloria Perez, writer of *De Corpo e Alma* and an old novela hand, believes, "novelas have a social function in putting themes into discussion and confronting taboos as well as fulfilling an important educational role compensating for the inadequacy of institutions".

For instance, characters always wash their hands before eating and practise safe sex. A pre-Christmas episode, showing characters taking gifts to a children's hospital, inspired a flood of donations. Brazilian novelas are highly topical. All through the Collor scandal the most popular novela was *Deus No Acuda* (God Help Us), a satire on corruption which showed the characters drowning in a symbolic sea of mud as the opening

shot. It told of a wayward angel, appointed as guardian of Brazil, who falls foul of the divine authorities because of the moral and economic turpitude into which the country descends. Throughout the run-up to impeachment, scenes were being written and aired within two days to keep up with the latest twists in the real-life scandal.

It is not just their topicality that makes novelas such a success. Daily polls are carried out to monitor audience reaction and storylines or characters are altered accordingly so that in effect the viewers almost write their own script. Perez employs a researcher to queue in shops and banks, sit on buses and chat to unsuspecting strangers about novelas.

Ironically the idea of airing novelas at peak viewing time was an accident. In 1969, Walter Clark, then director of TV Globo, had a programme scheduled for 9.30pm kept off the air by the censors. He was left with no option but to screen an imported novela. It was a huge success and in the 1970s Globo started making its own soaps, moving from traditional tearjerkers to topical themes. It began filming on location rather than on sets and attracting top actors, gradually building up an industry which made Brazil one of the world's top exporters of TV programmes.

Brazilian Novelas can be seen from Bulgaria to Canada, Cuba to the United States and Malaysia to South Africa. Jorge Adib, head of novela marketing at Globo, claims "we permanently have one of our novelas showing in practically every country". Only the English have proved resistant.

The climax of the Collor novela came on Tuesday when the disgraced former President resigned just before impeachment hearings. Although his younger brother is now writing a grand expose, this year's events are not likely to end up on screen. "It's just too unbelievable," says Perez.

Christina Lamb

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Triumphs in the face of adversity

FT writers assess the few world leaders who tasted success in 1992

Nineteen ninety-two will go down as the year most of the world's heads of government would rather forget.

For the leaders of the industrial democracies, from Mitterrand to Mulroney, it was a year of economic disappointment and political disorientation. Those who faced the verdict of the voters, either on their performance (George Bush in America or Albert Reynolds in Ireland) or their policies (Poul Schlüter and François Mitterrand in the Danish and French Maastricht referendums), found themselves subject to harsh, sometimes terminal, rebuke. Even for those who survived the test (Britain's John Major or Japan's Kiichi Miyazawa), electoral victory was only a prelude to deepening domestic difficulties.

Yet the encircling clouds were not completely bereft of silver linings. Surprising as it may seem, a number of presidents and prime ministers may well be looking back on this year with something resembling... not affection, perhaps, but quiet satisfaction. To recognise this fact and provide some seasonal consolation, the FT has decided to create a new set of awards, which shall be known, *faute de mieux*, as the Plastic Spoon Prizes for Political Achievement.

The PSPAs are fragile and readily disposable. To qualify you need to be a serving head of government (various definitions accepted) with at least three months in office (preferably much, much more); you have to have achieved a significant turnaround in your own, your party's or your country's poll ratings/public image/international reputation/economic performance; and you should have a reasonable prospect of political survival beyond the next four weeks.

First prize this year — the Alchemist's Award — goes to the Italian Prime Minister Giuliano Amato. In six months as prime minister, this 54-year-old Socialist law professor has performed an extraordinary feat of alchemy, turning political dross into gold. The dross he inherited was the weakest of the 51 postwar coalitions foisted on the much abused Italian electorate, taking office amid an exploding financial crisis.

Most commentators wrote him off at the start as an ineffectual caretaker in host to the vested interests of the ruling Christian Democrats and Socialists. But not only has Prof Amato survived; he has done more to reform the state in less time than any of his predecessors, and clawed back some of Italy's lost credibility abroad.

The secret of his alchemy has been clever exploitation of his weakness. Amato's political career was that of a technician in the shadow of Bettino Craxi, the Socialist leader. He was only chosen when Craxi was forced to forego his ambitions for the premiership as a result of a corruption scandal in Milan. More importantly, his coalition has depended on four parties discredited by a slide in votes at the April general election and a mere 16-seat majority in parliament.

All these negative elements he

turned to his advantage. He has emerged untainted by the scandals surrounding Craxi; the party is in fact desperate he should take over. The coalition has been held together because he has let the parties squabble among themselves while he has got on with governing.

His main tactical weapon has consisted in continually invoking the dire state of Italy's finances. He once described the budget as a Christmas tree from which everyone takes something. There are no more presents. The urgent need to tackle the public sector deficit has enabled him to push through an emergency budget for 1992 and a tough austerity package for 1993, to reform the health service, pensions, the civil service and local administration, and to begin privatisation.

In each case he has presented a blunt alternative: if the measures are not adopted, the government falls and worse will follow.

With a relaxed public style and quick wit, his popularity ratings are high. Arguably he has become indispensable to guide Italy through a delicate transition period, while the parties agree on a new electoral system and Italy's public finances are put in order.

We have three runners-up in the political metamorphosis category. First, a soufist spoon to Paul Keating, who as Australia's Labor prime minister has spent much of this year successfully disproving his favourite maxim that a soufist never rises twice. Keating frequently uses the soufist test to dismiss political opponents. But it could equally have been applied to the demoralised Labor government he inherited from Bob Hawke last December. When Keating moved into The Lodge, the modest Canberra residence of Australian prime ministers, Labor was trailing the conservative opposition coalition by up to 18 points in the opinion polls.

A year later, Labor MPs are almost unable to contain their surprise at the prospect of a historic fifth consecutive victory in the next election, which must be held by June. The latest poll, by Newsweek for The Australian, has Labor 12 points ahead of the conservatives, compared with a deficit of 12 points at the end of October.

That turnaround amounts to a dramatic political success for Keating, and a stunning rejection of John Hewson, leader of the conservative coalition. Keating has gradually diverted public attention from Labor's record by attacking the opposition's taxation and social policies, assassinating the character of Hewson, now widely known by the Keating nickname of "feral abacus", suggesting an out of control computer, and exploiting Australian nationalism.

His achievement is all the more extraordinary against a background of weak economic recovery which has raised unemployment to a post-war record of 11.4 per cent and twice forced the government to reduce its growth forecasts.



Plastic spoon winners and runners-up: (from left) Rawlings, Talabani, Keating, first-prize winner Prof Amato, Barzani, Fujimori, Suchocka and Rabin

However, the volatility of the opinion polls suggests that the electorate has been signalling its dislike of opposition policies as much as approval for the government. And the opposition has just modified its most contentious policies in a radical overhaul of its election manifesto — a fact which could define the Keating soufist as fast as it rose.

Second runner-up: Israel's Yitzhak Rabin. When 1992 began, Rabin's Labor party was in opposition, and he was not even leader of it. Twelve months later he is firmly ensconced as prime minister, leading a government which believes it has the chance to deliver unprecedented peace with Israel's Arab neighbours and prosperity at home — although doubts as to his prospects of doing so in 1993 have increased following the crisis over Israel's expulsion of 415 Palestinians this month.

Rabin's remarkable political resurrection — he was previously prime minister in the mid-1970s — was launched in February when he unseated Shimon Peres as Labor leader in a ballot of party members. The June general election had already been called and Labor was desperate to avoid a fifth election failure under Peres.

As army chief of staff when Israel won its victory in the 1967 Six Day War, Rabin had the credentials to reassure an electorate always nervous about security issues — and especially about Labour's commitment to trade at least some of the occupied West Bank and Gaza Strip in return for peace with the Palestinians. The result was banishment into opposition of the Likud party

for the first time in 15 years and Rabin's triumphant return at the head of a Labour-led, centre-left coalition.

After six months in office, the breakthrough in the Middle East peace talks in which Rabin has invested so much political capital has yet to materialise — indeed the current controversy has thrown a dark shadow over the peace process. But relations with the US and Europe, which fractured under the Likud, are restored and the peace talks may yet yield agreements in 1993 with the Palestinians, Jordan, Syria and Lebanon.

Third runner-up, and winner of the John Major Award for emergence from obscurity, is Hanna Suchocka, who was appointed prime minister of Poland last summer and has since presided over an impressive, though still fragile, improvement in her country's economic and political fortunes.

In the first half of this year, Poland was in such a state of government crisis and economic slump that it risked becoming branded the sick man of central Europe. The surprise appointment of Suchocka, a tough-minded 46-year-old lawyer from the backbenches, provided a much-needed jolt. Unsullied by the infighting which has tarnished the Solidarity movement and the parties it spawned, she rapidly took hold of her ill-matched, seven-party coalition. Her brisk, no-nonsense manner appealed naturally to a population weary of factional struggles. Just as important, she managed to establish a *modus vivendi* with Lech Walesa, Poland's politically restless

president who was in conflict with most of her predecessors.

Suchocka's arrival happily coincided with the first signs of export-led growth in the economy. But the advent of the new government also seemed to engender a new sense of confidence in the country at large, bringing her a crop of unusually high poll ratings. Buoyed by this support, she was able to ride out a wave of strikes in the early autumn, after which her government moved to arrange an "enterprise pact" with the unions and negotiated a new agreement with the International Monetary Fund.

All these achievements remain tentative. The enterprise pact still to be signed, and trade union unrest is growing. Moreover, in the new year the going may get tougher. Suchocka's popularity is slipping and her backing for a controversial ban on abortion has cost her support among women. If these trends continue, the worry is that Poles will again begin to lose faith in their future, and the will to persevere with free-market reforms will fade once more.

Finally, three awards for unlikely achievement.

Sub-Saharan Africa has sunk to such a debilitated and impoverished state that a leader emerging from 1992 with any credit whatsoever has pulled off a considerable political achievement. One such is Flight-Lt Jerry Rawlings, the 45-year-old Ghanaian who in November managed the transition from long-serving military leader to civilian presi-

dent, in an election which was effectively a referendum on Ghana's structural adjustment programme.

A mixture of fiery radical and hard-headed pragmatist, Rawlings fulminates against the shortcomings of the west. But he was one of Africa's first leaders to bite the bullet of economic reform. Since 1983 he has been implementing a World Bank recovery programme. He made no pretence of mastering the intricacies of measures he once described as "economic blah blah blah". But he saw no alternative cure for an economy ruined first by Kwame Nkrumah's autocratic socialism and then hit by the slump in cocoa prices.

A combination of devaluations, trade liberalisation, reductions in the budget deficit and cuts in the overstuffed civil service has brought results. When he went to the polls last month, he could boast an average real growth rate of 5 per cent a year and an inflation rate down from 123 per cent in 1983 to less than 30 per cent.

However, Ghana has yet to show that it can maintain growth without the substantial external assistance — more than \$5bn — it has received since 1983. President Rawlings's toughest test may be yet to come: when aid falls, will the era of growth come to an end?

In Latin America, some of the bloom came off the continent's better known recent success stories this year. The leader who made most waves and came out, surprisingly, in a strengthened position, was Peru's President Alberto Fujimori, who wins the special award

for Most Effective Japanese Leader of 1992. Fujimori's success was relative: after the disasters that have afflicted Peru in recent years, 1992 could hardly have been worse. None of the country's problems has gone away, and the economy is again in recession. The president's behaviour — in suspending the constitution and congress in April (his *auto-golpe* or self-coup) — was also highly controversial.

Nevertheless, by the end of the year he had manoeuvred himself into a much more favourable position than at the start. He has regained international financial support for his economic programme. This involved some backtracking and the holding of elections, but he was left with a significantly more pliable Congress. His security forces also dealt a savage blow to Sendero Luminoso, the fanatical left-wing guerrilla group which has been posing a growing threat to the Peruvian state, by capturing its mysterious leader, Abimael Guzman, and parading him — beaming, with middle-aged spread — on television.

The unlikely achievement of all in 1992 has to be that of the Kurds of northern Iraq. Against all the odds, they have remained free and united, in spite of being victims both of Saddam Hussein's regime and of the UN sanctions against it, as well as intermittent blockade by Iran, attacks by fellow Kurds from Turkey, and invasion by Turkish government forces. In May they elected their own parliament, and they have begun to rebuild their homes, farms and factories under their own autonomous administration.

Much of the credit for all this is due to their two leaders, Massoud Barzani and Jalal Talabani, who have overcome decades of rivalry to forge an effective partnership, symbolised by this year's elections. The result, certified free and fair by Britain's Electoral Reform Society, was a dead heat. Each man's party won 50 parliamentary seats, and in the presidential contest neither won an overall majority. Anywhere else in the third world this would surely have led to fighting. Instead, the two leaders formed a coalition and have indefinitely postponed the runoff ballot which should have decided between them. They have shown statesmanship, too, in ruling out both independence (which most of their supporters want) and any new talks with Saddam. Instead they have diverted their energies to unite the Iraqi opposition on democratic platform with western backing.

Hardest of all, they have been prepared to fight Turkey's Kurdish separatists (PKK) in order to keep the vital support of the Turkish government — a policy which paid off in November when the PKK agreed to stop sabotaging their supplies and to move its forces away from the Turkish border.

In some places, mere survival is achievement enough to warrant a Plastic Spoon Prize.

By Andrew Gowers, Robert Graham, Hugh Corry, Kevin Brown, Christopher Bobinski, Michael Holman, Stephen Fidler, Edward Mortimer

LETTERS TO THE EDITOR

Number One Southwark Bridge, London SE1 9HL

Fax 071 873 5938. Letters transmitted should be clearly typed and not hand written. Please set fax for finest resolution

Unlikely to avoid tax

From Mr Stephen F Yeo.

Sir, The refund of pension surplus to contributors in the form of a number of grounds, but avoiding the payment of unnecessary tax (Lex, December 22) is unlikely to be one of them. A refund is subject to a free-standing tax charge of 40 per cent. It is not absolutely clear what tax treatment applies to a pension fund which chooses not to pay a refund, but tax at 25 per cent is likely on the proportion of income and capital gains which relates to the surplus. Tax only continues once while the fund shows a surplus.

As Lex says, very few pension schemes can be certain to remain in surplus for long while the investment outlook is so uncertain. A fund which retains a surplus, therefore, has a good chance of paying less tax than one which refunds one. That said, it is true that the assumptions for determining whether a surplus exists are cautious and Lex may well be correct in saying that benefits are unlikely to have been put at risk.

Stephen F Yeo, Clay & Partners, Carnegie House, Peterborough Road, Harrow, Middx HA1 2AJ

Where coal presents an environmentally unacceptable face

From Mr A Cawood.

Sir, Although David Lascelles addressed a number of major issues on global pollution in his article, "The grimy face of coal" (December 29), he failed to mention the very environmentally unacceptable face of coal which greatly affects local communities where coal is mined and used in the production of electricity. The "jewel in the crown" of British Coal, was granted planning permission in 1976. At that time it was stated that the 10m tonnes output of pure low sulphur coal would go straight to Aire Valley power stations without any visible coal stacks locally and no colliery waste would be produced. In reality, we now have a coal mountain of around 0.75m tonnes and a waste problem which could easily reach 3m tonnes per year, much of which may have to be disposed of locally.

A planning application is expected early in the New Year to develop 400 acres of prime agricultural land adjacent to the one at South Kilford as a colliery waste disposal site.

According to present estimates, this will only meet the needs of the Selby coal field for about 12 years. The planning application may be determined by the county council as Selby is not a unitary authority and local residents have real fears, as your article predicts, that environmental considerations will be secondary to the national energy policy and the privatisation of the coal industry. The introduction of the Uniform Business Rate removes any financial advantage from coal mining to the local community which accrued under the old rating system. Selby then faces the environmental problem without any recompense flowing from the grant mechanism.

No doubt your writer is correct when he states that, "a balanced answer to the coal dilemma would have to include measures to make coal more environmentally acceptable".

Arthur Cawood, leader, Selby District Council, Civic Centre, Portlithorpe Road, Selby, N Yorkshire YO8 0SB

No cut-price gas deals

From Mr C H Brown.

Sir, British Gas is not offering special discounts to power stations to keep out competition ("British Gas offers connection discount to power stations", December 29). The last British Gas contract to supply gas to a power station was agreed in October 1991 and we are not at present actively negotiating with other potential generators. Around 70 per cent of the gas contracted for power stations is being supplied by competitors of British Gas, which does not suggest anti-competitive practices.

The connection charges for power stations have been based on the same principles as those for all our other industrial and commercial customers. These arrangements have been in place for the past 25 years to the benefit of thousands of British businesses.

Suggestions that these benefits should be removed do not support expectations that enforced competition will lead to lower prices.

C H Brown, chief executive, British Gas, Rivermill House, 152 Grosvenor Road, London SW1V 3JL

America's corporate Who's Who also at Clinton conference

From Mr John Loe Kelly.

Sir, Michael Prowse's account of President-elect Clinton's economic conference ("Little Rock conference sees much talk, fewer policies", December 15) left the impression that there was a gathering of secondary representatives of America's business.

Only one of the 300 attendees was mentioned by name — Ms

Kathleen Piper from South Dakota. In fact, this innovative conference was attended by the Who's Who of America's corporate world.

Distinguished individuals who are the chair and/or chief executive officer of their respective corporations included: John Sculley, Apple Computer; John Reid, Citicorp; David Glass, Wal-Mart; Harold

Poling, Ford; Paul Allaire, Xerox; Edwin Arzi, Procter & Gamble; Drew Lewis, Union Pacific; Robert Grandall, American Airlines; Robert Goizueta, Coca-Cola; Richard Jenrette, Equitable; Frank Popoff, Dow Chemical; P Roy Vagelos, Merck; John Young, Hewlett-Packard.

These individuals do not fit the reported description of

"...only Democrats — or people known to sympathise with his [Clinton's] views...". They were invited to express their views and present possible solutions on how to correct America's crippled economy.

John Loe Kelly, 21 Furnace Woods Road, Corlandt Manor, New York 10566, US

Sonic, stamps and Sex

FT writers pick their top products of 1992

A year of recession took its toll. From the US to Japan consumers were watching their purses, and manufacturers were wary. Innovative products were thin on the ground.

Amid a disheartening lack of exciting consumer electronics products, the one bright spot was the launch of Philips's Digital Compact Cassette (DCC).

But optimism was short-lived, as consumers realised they could face another battle over industry standards comparable to the VHS and Betamax video wars of the 1980s.

Like Philips's DCC, Sony's MiniDisc attempts to replace the ageing cassette tape with a digital product that will deliver the crisp sound of CDs. But with incompatible formats, Philips and Sony are now vying for the allegiance of leading record companies to ensure sufficient recorded music.

Elsewhere it was a question of improving on the tried and tested. This was the year VCR manufacturers finally realised that 80 per cent of owners are clueless about how to record programmes.

The answer was VCR Plus — an idiot-proof system aimed at techno-illiterate adults. Instead of fumbling with endless codes, users set their machines by punching in one set of numbers. Each programme has an assigned code, found in TV listings, which switches the VCR on, sets the channel, starts recording and stops automatically.

The year underscored the selling power of rock stars, dead or alive, with Madonna selling Sex and Elvis selling stamps. A million Americans took part in a summer poll to decide which image of Elvis should be used on a commemorative stamp. The new stamp, available next month, is expected to be the hottest-selling stamp in US history. The initial printing of 900m stamps is twice the normal run for a commemorative issue, and it is still not expected to meet demand.

Madonna moved on to the bestseller list in October with her book, Sex, featuring nude photographs of the Material Girl in poses more publicity-minded than pornographic. The book was censored in Japan and almost banned in Canada, although critics dubbed it a bore.

But it was neither Madonna nor Elvis who stole children's hearts. Undoubtedly the cult figure of the year was the improbable Sonic, a hyperactive, steel-blue hedgehog.

Sonic is not your typical hero. But the spiky mammal enabled its maker, Sega, the Japanese games company, to perform the unthinkable feat of challenging Nintendo's dominance in the video games market.

Elsewhere in Japan, Seibu, the stylish Tokyo department store, opened a recycled kimono corner, a move reflecting consumers' new, frugal approach to shopping. While a new kimono costs more than ¥500,000 (£2,645), used ones cost about ¥40,000.

About 200 second-hand ones are sold every month, though there has been a rush of customers this month to Seibu eager to buy a traditional kimono before the new-year festivities.

While Japanese women look

to the past, an invention by a Japanese textile scientist is helping the fashion world claw its way forward in the teeth of recession. Today, no self-respecting fashion retailer would be without clothes made of microfibres — microscopically thin filaments of polyester or nylon. Microfibres make quality hosiery and can be mixed with wool or linen to create silk-like blends.

In the pharmaceuticals industry, nicotine patches, which look like large sticking plasters and curb cigarette cravings by steadily delivering

nicotine into the bloodstream, hit the US market early in the year.

Demand soon outpaced supply in spite of FDA criticism of patch advertising, and sales for the year are estimated at \$800m (£266m).

With a six-month success rate of about 25 per cent, the patches do not qualify as a miracle cure.

Sometimes, however, a drug can just be too successful. Migraine, Glaxo's breakthrough migraine treatment, known in the US as Imitrex, relieves migraine symptoms in 77 per cent of patients within four hours.

But the drug has certainly proved a headache for health ministries, worried it could blow a hole in their budgets. The British Medical Journal calculated that, if it achieved 100 per cent market penetration at £20 per treated attack, it could cost Britain's National Health Service £1.344bn a year.

Reporting by Paul Abrahams, Della Broadshaw, Philip Cogan, Daniel Green, John Griffiths, Michio Nakamoto, Alice Rausthorpe, Emiko Terazono, Karen Zagor

The annual NHS drugs bill is £3.2bn.

Over the summer months minds were temporarily diverted from money matters by the Olympic Games. The hit product of Barcelona was undoubtedly Olympic champion Chris Boardman's racing bike.

Its black finish and enigmatic, faintly menacing shape suggested more Spanish Inquisition than Spanish Olympics. Developed by Lotus Engineering, part of the sports cars subsidiary of General Motors, the ultra-lightweight LotusSport pursuit cycle combined advanced composite materials and unique aerodynamics.

Cheap it was not. Replicas of Boardman's bike would cost about £5,000.

Come the autumn and British minds again returned to finances. The 3 per cent point fall in base rates which followed Britain's departure from the European exchange rate mechanism left mortgage rates at their lowest level for 15 years. Homeowners took advantage of the lower rates by subscribing to fixed-rate offers. Many were so popular they were snapped up immediately.

But in a year of doom and depression, Chanel, the Paris fashion house, could be relied on to come up with something really frivolous — Y-fronts for women, dry clean only, at £100 a pair.

Chanel is coy about how many pairs it has sold. It probably does not care. In the 1990s, the amount of publicity a new design produces is the often the key to the turnover it generates.



A sign outside the village of Cadea proclaims its position on the Slovak side of the frontier which will divide Czechoslovakia from tonight. Page 2

Yugoslav army 'would resist military action by the west'

By a Correspondent in Belgrade

MILITARY intervention by western forces in former Yugoslavia would meet fierce resistance from the Yugoslav army, General Zivota Panic, the Yugoslav army's chief of staff, said in a statement in Belgrade yesterday.

"If intervention comes, we will defend our freedom, independence and territory with all means at our disposal," the general said. "Our forecasts show that the danger of military intervention has objectively increased in recent days." He added: "We must inform the world that this is a new genocide and that we will not allow it."

Gen Panic's warning came as the UK moved closer towards backing military intervention against Serbia. Mr Douglas Hurd, foreign secretary, said in a newspaper article published yesterday he could now "imagine armed action against them to prevent a

general Balkan war". The foreign office emphasised that the UK was losing patience with the Serbs, although the government still saw direct military involvement as far from inevitable.

It stressed that Mr Hurd had also said that "democratic opinion would not support us in military occupation over years, with the inevitable costs and casualties".

General Panic, who commanded the Serbian operation last year that reduced the Croatian city of Vukovar to rubble, said the west had conspired to break up Yugoslavia, but that his forces could grow from a peace-time level of 120,000 to 600,000 in wartime. It was possible to mobilise up to 2m reservists, he said. "The president of the republic, as the army's commander-in-chief, and other responsible state institutions decide whether the Yugoslav army will be used to defend the Serbs outside our country's borders," the general said. "It is

certain they will not allow for the Serbian people in Bosnia Hercegovina... to be exposed to genocide and destruction."

United Nations mediator Lord Owen was in Belgrade yesterday before talks on the Yugoslav crisis this weekend in Geneva. In Geneva yesterday, officials said Bosnia's Muslim President Alija Izetbegovic had promised that his forces would not attack Serb positions around Sarajevo before the peace talks began.

Mr Milan Panic, the Yugoslav prime minister, yesterday also condemned the threat of military intervention. "The politicians will sit out military intervention secure in their bunkers," he said. Mr Panic, speaking in Belgrade, rejected as unconstitutional a parliamentary vote on Tuesday night naming a vice-premier to lead the government until a newly elected parliament is installed early next year.

Editorial Comment, Page 10

Low-profile line of duty for guards at EC borders

By Andrew Jack

TRAVELLERS may not notice customs checks after the single European market starts life at midnight tonight but officials will still be keeping a close watch on them.

Hundreds of uniformed officers and administrative staff at borders throughout Europe will be replaced by more discreet surveillance and intelligence-gathering within Community countries. "The question is not what you see at the borders after January 1, but what you don't see," said one British Customs and Excise official. Its planners estimate that while some 400 of the 3,500 UK border staff will be affected by the abolition of EC customs controls, only about 12 will lose their jobs.

The authorities are confident that by reallocating staff, they will be able to curtail the efforts of smugglers and terrorists at least as well as now. They stress that all important drug seizures in recent years were based on intelligence operations, not random border searches.

Some staff no longer required in person at the borders will still be needed in a more discreet role monitoring the flows of traffic and people.

Similar changes to customs services are taking place in other Community countries, although many - particularly the southern European states - have routinely relied more on intelligence and internal controls than the reliability of checks made at borders.

UK customs officials will no longer have the power to stop and search at random those travelling from other EC countries. But they will be able to interrogate any who match their "profile" of suspicious characters.

Many staff are being reassigned inland as investigators in London and the 22 customs collection divisions around the country, where they will gather intelligence on the movements of suspected smugglers and value added tax fraudsters.

They are coy about explaining how this will work, but it will include gathering tip-offs and assembling profiles of likely suspects to be pursued. Publicans in Dover have already been approached for help in alerting officials to anyone they consider suspicious.

Other employees will become excise verification officers. They have powers to search suspect vehicles anywhere in the UK and can inspect shops to check if supplies are coming from registered traders.

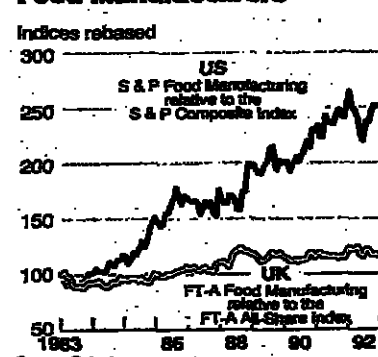
Business seeks clearance, Page 4

THE LEX COLUMN

Pressure cooking

FT-SE Index: 2832.5 (-15.3)

Food Manufacturers



With margins the envy of food retailers worldwide, it is perhaps not surprising that investors fret about the prospect of a UK food fight breaking out. Hence the sharp drop in food retailing share prices which greeted J Sainsbury's announcement of its January price promotion. Given the billions being poured into new stores, any protracted battle would indeed be serious. Yet despite the suitably robust replies from Sainsbury's principal competitors, Sainsbury and Tesco, the overwhelming impression is of Sainsbury tightening its grip on the market.

Indeed, one of the most interesting parts of Sainsbury's statement was that it had beaten its own demanding sales budgets in the run up to Christmas. The increased profits thus generated provide ammunition for the company to cut prices selectively and expand its market share. It may even be politically desirable for Sainsbury to plough back profits into sales growth rather than see its margins rise even further.

Not that margins are being cast to one side. The campaign has been cleverly hyped to extract the maximum publicity and increase in volumes from carefully chosen price concessions, and suppliers will bear some of the price cuts in the hope of higher sales. Tesco confronts Sainsbury most directly, yet its slower growth record limits its room for response. The valuation gap which has opened up between the two this year is unlikely to narrow. And Tesco's recent foray into France may even hint that the company is finding the domestic kitchen a little warm.

UK economy

The good news in the latest Dun & Bradstreet business failures figures is that they tend to confirm that the recession is easing. The total is growing more slowly and the focus is shifting towards smaller companies, as it did after 1980-81. The bad news is that companies remain under intense pressure. Bad debts continue to plague 80 per cent of them and many larger companies are surviving only because of rigorous cost cutting, deferred investment and delayed payments to suppliers - hardly a propitious background for investing in recovery.

After the last recession business failures continued rising until 1994, which suggests there may be a couple more years of increase to come this time. The difference is that, at 62,757, failures this year are already some three

times the peak in 1984. So it is legitimate to ask when and how quickly banks' loan loss provisions can drop. The rate will be the principal factor behind any earnings recovery.

With provisions running at over 3 per cent of their loan book, the main clearing banks are better protected than they were at the end of the last recession. Property prices may stabilise in the wake of lower interest rates, obviating the need for additions to existing provisions as the value of collateral falls. Still, it is hard to escape the conclusion that any decline in provisions will be tortuously slow. Less so, perhaps, for a bank such as Midland which provided early in the cycle and trimmed its lending. More so, for Barclays, which not only provided late but is also deeply involved in small business lending.

Food manufacturing

Europe's consumers are not alone in suffering from the absurd distortions created by the Common Agricultural Policy. Many of Europe's big food manufacturers must reckon they have lost out too. The theory is that artificially high commodity prices have shielded small producers from their bigger rivals. An inefficient market for many processed foods has resulted.

Imperfect though the comparison may be, it is interesting to contrast the share price performance of the food manufacturing sectors on either side of the Atlantic. In the UK, the sector has been flat when set against the main market over the past decade. In the US, it has outperformed by a factor approaching three. The differing structure of the industries and the relative power of retailers have clearly played their part. But a freer market for agricultural commodities in the US may also have helped the industry's profitability.

With CAP reform and finalisation of the Gatt talks in prospect, European investors must be wondering whether to stock up on food company shares to benefit from the industry's seemingly imminent rationalisation. But they can, perhaps, afford to wait a while. There is not going to be a sudden revolution. Apart from commodity items, raw material prices now constitute a small proportion of a product's total cost. Marketing and packaging expenses are often far more significant for those manufacturers higher up the added value chain.

Nevertheless, food price reform should hasten the long-term trends shaping the industry. For vulnerable food companies, there are already enough threats to make their executives wake up screaming in the small hours. The accelerating concentration of the industry in response to the single European market has resulted in the emergence of powerful pan-European operators such as Nestlé, BSN and Unilever. The growing strength of retail buying groups - as well as cross-border retailers - will also add to the rationalisation squeeze. Local companies serving local needs may yet evade such pressures. To be small may still be beautiful; to be middling will be ugly.

Pentos

Life must indeed be tough if you find it difficult to sell cards at Christmas. Yet judging by yesterday's profits warning, Pentos' Athens chain is struggling to find a replacement for its wilting teenage market. That might not matter so much if the company's office furniture operation was not also having a miserable time. Despite rationalisation neither is likely to help the main books business much next year.

Which is a pity, because Pentos is unlikely to find book-selling much easier. Both Dillons and Waterstones have invested heavily in upmarket stores, soaking up cash. Yet there remain worries about the likely return on capital employed. With Waterstones backed by WH Smith, and Pentos' gearing rising, there can be little doubt who has the deeper pockets to fight a protracted battle. If the Pentos chairman gets his dearest wish and the next book agreement is abolished, he may just live to regret it.

German economics minister to explain 'letterhead affair'

By Quentin Peel in Bonn

MR Jürgen Möllemann, the German economics minister and vice-chancellor, is cutting short a Caribbean holiday to face demands for his resignation or at least a proper explanation over use of his signature to promote a product made by a relative.

Chancellor Helmut Kohl lent his weight yesterday to a growing clamour for clarification by Mr Möllemann, demanding that he explain "immediately and comprehensively".

The affair is another embarrassing sign of disarray in the coalition government, and could destroy Mr Möllemann's chances of becoming leader next year of the Free Democratic party, junior partner in the coalition headed by the Christian Democrats.

Mr Otto Lambsdorff, the retiring Free Democrat leader, has

called an emergency meeting of its national executive for next Monday, to hear the economics minister's version of events. He admits the affair is damaging the party's image.

The economics committee of the Bundestag, the lower house of parliament, has been summoned for its own extraordinary hearing on Tuesday into the so-called "letterhead affair", at which Mr Möllemann is expected to give evidence. The opposition Social Democrats, who oppose his free market policies, are calling for his resignation.

It amounts to the most serious challenge to the minister's position in recent years, only months before he was due to present himself as the natural successor to Mr Lambsdorff, when the latter retires in mid-year. Now it seems even more likely that Mr Klaus Kinkel, foreign minister, and a

party member for less than two years, will take over.

Mr Lambsdorff has delicately distanced himself in recent days from his would-be successor, suggesting that Mr Möllemann owed party and public a further explanation. Other FDP members have been openly critical.

The affair concerns the use of ministerial notepaper from Mr Möllemann's personal office to promote a safety device for supermarket trolleys, manufactured by a cousin of his wife, Carola. Letters bearing Mr Möllemann's signature were sent to eight of the leading supermarket chains in Germany, such as Aldi, Spar and co. urging them to consider the product.

If he is forced to resign, the expected cabinet reshuffle by Chancellor Kohl, due by January 25, will be all the more urgent and significant.

Charge of unfairness threatens Kenya poll

Continued from Page 1

neither free nor fair.

Such a decision would weigh heavily with donor countries, which a year ago froze aid to Kenya pending political and economic reform. A continuing freeze of aid, which has so far cost Kenya \$350m to \$400m, would have a severe impact on an economy already hamstrung by a foreign exchange shortage.

The moves came as it became apparent from provisional returns from 41 of 188 constituencies that President Daniel arap Moi and his Kanu party were heading for a narrow victory.

The prospect of a formal opposition protest, in effect endorsed by international observers, is certain to raise tensions in an already fraught political climate. Violence has marred the election campaign and the opposition

parties have consistently warned that Mr Moi risked provoking violence if he manipulated the elections.

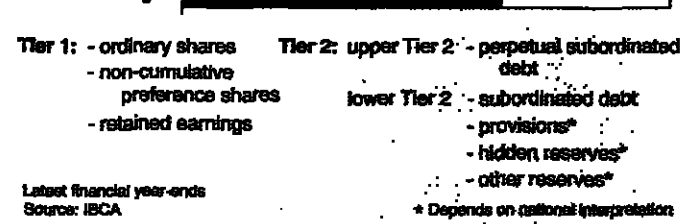
A delay in releasing results from opposition strongholds such as Nairobi and several incidences where additional ballot papers appeared to have been slipped into bundles during counting underlined observer and opposition suspicions that the results were tampered with the result.

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| Montevideo | S | 10 | 50 | Nairobi | S | 10 | 50 | Rangoon | S | 10 | 50 | San Francisco | S | 10 | 50 | Sydney | S | 10 | 50 |
| Nairobi | S | 10 | 50 | Rangoon | S | 10 | 50 | San Francisco | S | 10 | 50 | Sydney | S | 10 | 50 | Tokyo | F | 10 | 50 |
| Rangoon | S | 10 | 50 | San Francisco | S | 10 | 50 | Sydney | S | 10 | 50 | Tokyo | F | 10 | 50 | Yokohama | F | 10 | 50 |
| San Francisco | S | 10 | 50 | Sydney | S | 10 | 50 | Tokyo | F | 10 | 50 | Yokohama | F | 10 | 50 | London | S | 10 | 50 |
| Sydney | S | 10 | 50 | Tokyo | F | 10 | 50 | Yokohama | F | 10 | 50 | London | S | 10 | 50 | Brussels | S | 10 | 50 |
| Tokyo | F | 10 | 50 | Yokohama | F | 10 | 50 | London | S | 10 | 50 | Brussels | S | 10 | 50 | Cairo | S | 10 | 50 |
| Yokohama | F | 10 | 50 | London | S | 10 | 50 | Brussels | S | 10 | 50 | Cairo | S | 10 | 50 | Hong Kong | S | 10 | 50 |
| London | S | 10 | 50 | Brussels | S | 10 | 50 | Cairo | S | 10 | 50 | Hong Kong | S | 10 | 50 | Los Angeles | S | 10 | 50 |
| Brussels | S | 10 | 50 | Cairo | S | 10 | 50 | Hong Kong | S | 10 | 50 | Los Angeles | S | 10 | 50 | Manila | S | 10 | 50 |
| Cairo | S | 10 | 50 | Hong Kong | S | 10 | 50 | Los Angeles | S | 10 | 50 | Manila | S | 10 | 50 | Montevideo | S | 10 | 50 |
| Hong Kong | S | 10 | 50 | Los Angeles | S | 10 | 50 | Manila | S | 10 | 50 | Montevideo | S | 10 | 50 | Nairobi | S | 10 | 50 |
| Los Angeles | S | 10 | 50 | Manila | S | 10 | 50 | Montevideo | S | 10 | 50 | Nairobi | S | 10 | 50 | Rangoon | S | 10 | 50 |
| Manila | S | 10 | 50 | Montevideo | S | 10 | 50 | Nairobi | S | 10 | 50 | Rangoon | S | 10 | 50 | San Francisco | S | 10 | 50 |
| Montevideo | S | 10 | 50 | Nairobi | S | 10 | 50 | Rangoon | S | 10 | 50 | San Francisco | S | 10 | 50 | Sydney | S | 10 | 50 |
| Nairobi | S | 10 | 50 | Rangoon | S | 10 | 50 | San Francisco | S | 10 | 50 | Sydney | S | 10 | 50 | Tokyo | F | 10 | 50 |
| Rangoon | S | 10 | 50 | San Francisco | S | 10 | 50 | Sydney | S | 10 | 50 | Tokyo | F | 10 | 50 | Yokohama | F | 10 | 50 |
| San Francisco | S | 10 | 50 | Sydney | S | 10 | 50 | Tokyo | F | 10 | 50 | Yokohama | F | 10 | 50 | London | S | 10 | 50 |
| Sydney | S | 10 | 50 | Tokyo | F | 10 | 50 | Yokohama | F | 10 | 50 | London | S | 10 | 50 | Brussels | S | 10 | 50 |
| Tokyo | F | 10 | 50 | Yokohama | F | 10 | 50 | London | S | 10 | 50 | Brussels | S | 10 | 50 | Cairo | S | 10 | 50 |
| Yokohama | F | 10 | 50 | London | S | 10 | 50 | Brussels | S | 10 | 50 | Cairo | S | 10 | 50 | Hong Kong | S | 10 | 50 |
| London | S | 10 | 50 | Brussels | S | 10 | 50 | Cairo | S | 10 | 50 | Hong Kong | S | 10 | 50 | Los Angeles | S | 10 | 50 |
| Brussels | S | 10 | 50 | Cairo | S | 10 | 50 | Hong Kong | S | 10 | 50 | Los Angeles | S | 10 | 50 | Manila | S | 10 | 50 |
| Cairo | S | 10 | 50 | Hong Kong | S | 10 | 50 | Los Angeles | S | 10 | 50 | Manila | S | 10 | 50 | Montevideo | S | 10 | 50 |
| Hong Kong | S | 10 | 50 | Los Angeles | S | 10 | 50 | Manila | S | 10 | 50 | Montevideo | S | 10 | 50 | Nairobi | S | 10 | 50 |
| Los Angeles | S | 10 | 50 | Manila | S | 10 | 50 | Montevideo | S | 10 | 50 | Nairobi | S | 10 | 50 | Rangoon | S | 10 | 50 |
| Manila | S | 10 | 50 | Montevideo | S | 10 | 50 | Nairobi | S | 10 | 50 | Rangoon | S | 10 | 50 | San Francisco | S | 10 | 50 |
| Montevideo | S | 10 | 50 | Nairobi | S | 10 | 50 | Rangoon | S | 10 | 50 | San Francisco | S | 10 | 50 | Sydney | S | 10 | 50 |
| Nairobi | S | 10 | 50 | Rangoon | S | 10 | 50 | San Francisco | S | 10 | 50 | Sydney | S | 10 | 5 | | | | |

Robert Peston and Richard Waters on capital adequacy ratios

Banks aim for stability and a level playing field

Bank capital ratios



However regulators say there is no evidence that the accord is encouraging risk-taking.

Spain may alter debt issuance

The plan to invest the Bank of Spain with greater autonomy and put an end to the Treasury's ability to borrow from the central bank to meet short-term funding needs is likely to encourage the issuance of short-term debt, say analysts. In the past, the government would borrow from the central bank and spread its debt issuance over the year. **Page 15**

Churchill wrote 230,000 new policies in 1992 and is aiming to win 320,000 new customers in 1993, a market share of between 3 and 4 per cent, according to Mr Long. To date, he has sold more than 250,000 policies.

Mr Churchill has focused on motor insurance but next year could move into the household insurance market.

Two of Churchill's direct writing competitors - Direct Line and GA 121, a subsidiary of Perth-based General Accident - already underwrite household insurance.

auspices of the Basle Committee on banking supervision. Pretty soon all the G10 countries were

ous international bank had to show they were there [long before tomorrow's deadline],"

Under the accord, there are two broad definitions of capital,

By Roland Rudd in London

**Class A Mortgage Backed Floating Rate Notes
Due July 2015**

All remaining Class A Notes of £100,000 each may be surrendered for redemption on the Redemption Date at a redemption price (the "Redemption Price") equal to their principal amount, together with accrued interest thereon at the specified office of any of the Paying Agents, which are as follows:

**Morgan Guaranty Trust Company
of New York
Avenue des Arts 35
B-1040 Brussels, Belgium**

**Morgan Guaranty Trust Company
of New York**
Attn: Corporate Trust Operations I
Tellers and Mail Unit
55 Exchange Place, Basement A
New York, New York 10260-0023

In respect of Bearer Class A Notes, the Redemption Price will be paid upon presentation and surrender, on or after the Redemption Date, of such Notes together with all unmaturing coupons and talons appertaining thereto. Such payment will be made (i) in sterling at the specified office of the Paying Agent in London or (ii) at the specified office of any Paying Agent listed above by sterling cheque drawn on, or at the option of the holder by transfer to a sterling account maintained by the payee with, a Town Clearing branch of a bank in London. On or after the Redemption Date interest shall cease to accrue on the Class A Notes which are the subject of this Notice of Redemption.

Dated: 31st December, 1992

NOTICE

Withholding of 20% of gross redemption proceeds of any payment made within the United States is required by the Interest and Dividend Tax Compliance Act of 1983 unless the paying agency has the correct taxpayer identification number (social security or employer identification number) or exemption certificate of the Payee. Please furnish a properly completed Form W-9 or exemption certificate or equivalent if presenting your Class A Notes to the paying agency's New York Office.

| Chief price changes yesterday | | | | |
|-------------------------------|----------|-------------|--------------|-------|
| BANKRUPT (CDS) | | PARIS (FFF) | | |
| | | Alcoa | | |
| Alcoa | 412.5 + | Banque | 2365 | + 39 |
| Amstar | 500 + | Bois | 494 | + 9 |
| Bois | 330 + | LEP Localat | 199 | + 18 |
| Bois | 780 - | 20 | | |
| Bois | 805 - | 20 | BSA | 93 |
| Bois | 805 - | 25 | Paul Lynamas | 538 |
| Bois | 821 - | 11.7 | 628 | - 12 |
| | | | 628 | - 21 |
| NEW YORK (S) | | TOKYO (Yen) | | |
| | | | | |
| Alcoa | 21 1/2 + | Alcoa | 862 | + 56 |
| Amstar | 20 + | Bois | 236 | + 20 |
| Bois | 50 + | Bois | 830 | + 24 |
| Bois | 9 1/2 + | Yokohama | 538 | + 53 |
| Bois | 75 1/2 + | Yokohama | 538 | + 53 |
| Bois | 44 - | Yokohama | 2200 | - 200 |
| | | Yokohama | 740 | - 59 |

New York prices at 12.30 p.m.

| LONDON (Pence) | | Stanwick | |
|----------------|----------|-----------|----------|
| Albany | 300 + 15 | Stanwick | 367 + 2½ |
| Albany Trust | 38½ + 2½ | Uxbridge | 35 + 17 |
| Albany Prop | 105 + 5 | Wood (A) | 22 + 3 |
| Albany Road A | 105 + 5 | Wood (A2) | 150 + 43 |
| Albany | 211 + 13 | Wood (A2) | 43 + 5 |
| Albany Int'l | 320 + 15 | Woolf | |
| Albany Motor | 113 + 17 | Woolf | |
| Albany Credit | 40½ + 14 | Woolf | |
| Albany | 58 + 4 | Woolf | |
| Albany | 181 + 11 | Woolf | |
| Albany | 174 + 5 | Woolf | |
| Albany | 94 + 7 | Woolf | |
| Albany | 40 + 4 | Woolf | |

By Paul Taylor in London expectations. Sales for the full year will be about 3 per cent

Pentos blamed "weaker than anticipated" trading during the final quarter in its office furniture manufacturing operations and the Athena poster and print business. At Athena, Christmas trading failed to match up to

most companies were unable to launch bids if they could not afford to finance them from cash. There were, however, notable exceptions, such as the Tomkins' recommended £35m bid for Ranks Hovis McDougall, the milling, baking and grocery products group.

In respect of Bearer Class A Note, after the Redemption Date, of such Such payment will be made (i) in a specified office of any Paying Agent transfer to a sterling account maintained after the Redemption Date interest of Redemption.

the Redemption Price will be paid upon presentation of the Notes together with all unmatured coupons at the specified office of the Paying Agent, as stated above by sterling cheque drawn on, or by the payer with, a Town Clearing bank, and shall cease to accrue on the Class A Notes when the Redemption Price is paid.

INTERNATIONAL COMPANIES AND CAPITAL MARKETS

Cerus to bail out banking subsidiary

By Alice Rawsthorn in Paris

CERUS, the French investment company linked to Mr Carlo de Benedetti, the troubled Italian industrialist, has been forced to bail out Banque Duménil Leblé, its banking arm, as part of a FF430m (\$66.5m) rescue package.

This is the latest in a series of gloomy announcements from the French banking industry, which has been badly hit by the economic slowdown.

Duménil has been in trouble for some time. It has suffered, like other French banks, from the problems of the property sector. It has also been affected by internal problems which resulted in the closure of its Swiss operation.

Cerus, which recently reported a first-half loss of FF37m, has already been forced to provide extra capital for Duménil. The bank lost FF492m in the first half after making provisions of FF540m for its property losses and the Swiss closure.

However Duménil now needs additional capital of FF430m to avoid breaching its banking ratios. Cerus, which directly holds 25.6 per cent of Duménil and holds the rest through Société Financière de Genève - a Swiss-based bank it controls - is providing FF251m.

The rest is coming from Société Financière de Genève. The news of Duménil's refinancing follows the announcement this week that this year's losses from Olivetti, the Italian electronics group chaired by Mr de Benedetti, would be worse than expected at between L300bn and L350bn.

The reorganisation of the Lagardère family interests was finalised yesterday when shareholders of MMB, the French family's master company, approved plans to change the share structure and to change the name to the Lagardère group.

The changes were triggered when Mr Jean-Luc Lagardère, chairman, announced plans to merge Matra, the defence electronics concern, with the Hachette media group.

KIO faces further battle to pull out of Spain

Peter Bruce reports on the complications surrounding the Kuwaitis' shareholdings

The messy withdrawal from Spain of the Kuwait Investment Office (KIO) and its Spanish holding company, Grupo Torras, is being threatened with further complications as suspicions mount that the Kuwaitis may own much more of two key Torras affiliates than they have previously reported.

The Spanish stock market commission (CNMV) is studying claims by the former KIO agent in Spain, Mr Javier de la Rosa - whom the current KIO management says is responsible for the collapse of its 14-bn Spanish empire - that Torras owns up to 70 per cent of the Prima property group and not the 34 per cent it reports.

Mr de la Rosa has also claimed the Kuwaitis own more than half of the failed chemicals group, Ercros. The KIO claims Torras has just 39 per cent of Ercros.

In both cases, the claims concern old share support schemes in which Prima and Ercros shares were parked with Torras associates. Mr de la Rosa and some Madrid bankers claim these share packets were put back to Torras this year.

Under Spanish takeover law, a company which holds more than 25 per cent of a subsidiary has to make a bid for the subsidiary if it increases its stake by more than 6 per cent in one year. Failure to do the bid is illegal and is regarded as a "serious" offence.

CNMV officials are searching documents to recreate the rise of the KIO's Spanish empire since 1986 and its collapse of the past six months. Mainly,

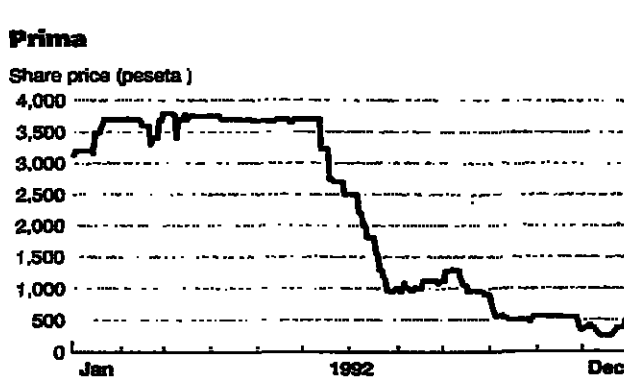
though, they are looking at Prima, which followed Torras into receivership this month. The KIO used to own most of Prima, separately from Torras. In 1990, when it decided to delist Torras from the Madrid stockmarket, shareholders were paid a mixture of cash and expensive Prima stock. But Torras was already borrowing against Prima and it was important to keep share values strong. So, to prevent them flowing back to the market, Torras set up a share support operation.

On February 15 and 23 and on March 2 1990, Hammarstone, a company newly registered in the Netherlands and the Antilles, bought 1,226,325 Prima shares - about 12.45 per cent of the company. This was financed by a loan of Pta10.2bn (\$89m) from Banque Paribas (Suisse), agreed on February 15. The shares, plus a cash deposit of \$14m, guaranteed the loan.

Grupo Torras also signed a "put and call" contract with Paribas (Suisse), guaranteeing Paribas the right to sell to Torras at any time the Prima shares for the value of the loan to Hammarstone, plus Paribas' financing costs.

The question is who owns Hammarstone. Mr Fouad Jafar, general manager of the KIO in early 1990, says he was asked to act as a proxy head of Hammarstone. He says the company was set up, and is owned by, the KIO and Torras.

In May of this year, the management of the KIO and Torras changed. Before this, though, two things had happened to



the Hammarstone loan: it had been split between Paribas and Banco Santander and, shortly before the new management arrived at Torras their predecessors - possibly under bank pressure - supplemented the put and call agreements with direct Torras loan guarantees.

In the rowing that has followed the change of management at Torras, most of the KIO's Spanish empire has collapsed. Certainly, fears that the KIO would stop supporting Prima destroyed any chance the KIO had of recouping its investment in the company. Prima stock dropped like a stone in June, prompting the banks to call in their loans to Hammarstone.

Mr de la Rosa claims the KIO is leaving because it fears having to bid for more of Prima and Ercros, or face charges for not making a bid. New managers at the KIO deny this as they deny owning the Hammarstone stock.

Nevertheless, on July 8 this year Mr Mahmoud al-Nouri, the new Torras chief executive, wrote letters to Hammarstone in the Netherlands and the Antilles. He said Torras had been told Hammarstone had defaulted on repayment of its loans and that as guarantor it, Torras, had paid Santander \$17.4m.

On July 13, Mr al-Nouri wrote to Paribas (Suisse) in Geneva, acknowledging both the put and call option and an additional, direct, Torras guarantee of the Hammarstone loan, granted on May 22 this year and which Paribas executed on July 7. Mr al-Nouri paid Paribas DM64.4m (\$39.9m), according to his letter.

As the guarantee had been paid, he said Torras regarded the put and call option as dead, but he then appears to have instructed Paribas what to do with the Prima stock. "We hereby request and require you, as pledgee, until further notice, to hold the

shares... strictly to our order."

Mr al-Nouri and the KIO were clearly in a most tricky position. They were keeping their distance from Hammarstone's asset (the Prima stock) by not openly acknowledging ownership - arguing they had merely acted as a guarantor - but appear to have been exercising control over the shares. Anyway, asks one Madrid banker: "Why would anyone pay millions of dollars for something they do not own?"

In its defence, Torras could challenge the legality of the original share support operation or argue that contracts with Hammarstone do not legally tie it to Torras. Also, it might argue it was controlling the shares to pursue a claim against Hammarstone. The latter might be hard to do with a straight face, though, as Hammarstone could only pay Torras back (for paying off the banks) with its Prima stock.

Neither Mr al-Nouri nor his advisers were available to comment yesterday, but the financial community in Madrid is eagerly anticipating the fight Torras and KIO may have to put up to prove they are not the owners of Hammarstone and its Prima shares.

Czechs and Slovaks seek last-minute deal over external debt

By Vincent Boland in Prague

AS THE dissolution of the Czechoslovak federation at midnight tonight approaches, the government and financial institutions are making final efforts to achieve as much agreement as possible on an equitable division of its assets and liabilities.

One of the most difficult issues to resolve is the question of the federation's external debt. While there is agreement in principle, several issues have not been resolved.

The Czech Republic and Slovakia agreed this year on the division of assets and liabilities in the ratio of two to one, based on the population of the two republics. This principle also applies to the division of the external debt.

According to the State Bank of Czechoslovakia, the federation's total external debt stood at \$10.36bn in June 1992, of which \$9.78bn was denominated in convertible currencies and \$686m in non-convertible currencies owed to its old Common trading partners.

Just over \$7.5bn of the convertible debt was owed to overseas banks, the International

Monetary Fund and the Group of 24 industrialised countries. An estimated \$7bn of this external debt was owed by Czech and Slovak enterprises, which are responsible for repayment. Just over \$1bn of this was borrowed by the Czechoslovak Trade Bank acting unofficially on behalf of the state. The Czech Republic and Slovakia have accepted responsibility for the proportion of these debts owed by enterprisers located in each republic.

The Czechoslovak state's share of the debt was just under \$1bn, borrowed since 1991 from the European Community, the World Bank and G24. It is expected this debt will be split in the two to one ratio.

The state bank has borrowed \$1.5bn from the IMF under special drawing rights since 1991. Controversy has arisen over the splitting of these rights between the two governments, with the IMF having suggested the division in the ratio of 2.29 to one. But Slovakia claims such a division would give the Czech Republic greater access to future IMF funds. The IMF is expected to make a decision on the ratio today.

Damart to close mail order business in Spain

By Alice Rawsthorn

THE slowdown in the Spanish economy has prompted Damart, the French clothing company best known for its thermal underwear, to close its mail order business in Spain at a cost of up to FF60m (\$11m).

Damart said the "general deterioration" in the Spanish market, which has worsened in the second half of this year, had forced it to rationalise its operations there. The company will maintain a presence in Spain through its 16-strong chain of shops which, but for withdrawal from mail order, would have been closed.

The closure of the Spanish mail order business is expected to cost Damart between FF50m and FF60m, which

will be expressed in full as a provision in its 1992 accounts.

Damart, in common with its competitors in the European textile industry, has been rationalising its activities for several years in an attempt to improve productivity. Although Damart, as a specialist company with a strong market position, has been more resilient than other, less focused, companies, it has been forced to cut its workforce by over 20 per cent since 1990.

This productivity initiative was one of the main reasons for the increase in Damart's net profits last year from FF110m in 1990 to FF222m in 1991 when sales rose by 6.5 per cent to FF73.7bn. However, its 1991 profits were lower than the FF227m made in 1990.

Dutch retail group set to buy confectionery chain

By Ronald van de Krol in Amsterdam

AHOLD, the Dutch retail and supermarket group, said yesterday it plans to acquire Jamin, a chain of Dutch confectionery shops, before the end of March.

The company did not disclose how much it would pay Jamin's owner, Goudsmit, a Dutch holding company with varied interests in the retail

sector, for the chain of 261 shops, including 114 franchise operations.

Jamin had sales of FF150m (\$82m) in 1991. It will become part of Ahold's specialty stores division, which generates around FF1bn of the group's annual sales of FF1.2bn. Ahold's main businesses are its Albert Heijn supermarket chain in the Netherlands and four supermarket chains in the eastern US.

Buster Brown to go it alone

By Nikki Tait in New York

BUSTER Brown Apparel, the Tennessee-based clothing group which has clad American schoolchildren for decades, is letting go of its parent's hand and stepping out alone.

Gerber, the large US baby food company which has owned Buster Brown since the early-1980s, announced yesterday it was selling the company to management, backed by

Chemical Venture Partners and Apollo Advisers.

Chemical Venture, with around \$1.5bn under management, is the venture capital arm of Chemical Banking Corporation, while Apollo Advisers is part of the investment business run by a senior investment banker with the now-defunct Drexel Burnham Lambert.

Gerber, which is caught up in a price-war in its baby foods

business, has been trying to sell the Buster Brown brand since early summer. Analysts had suggested it might fetch around \$160m, although neither buyer nor seller would disclose the acquisition price yesterday.

Buster Brown, which was founded in 1904, has annual sales of about \$165m. Profitability, however, is understood to have waned in the current financial year to end-March.

MARKET STATISTICS

FT/ISMA INTERNATIONAL BOND SERVICE

Listed are the latest international bonds for which there is an adequate secondary market. Latest prices at 7.00 pm on December 30

| US DOLLAR STRAIGHTS | | | | OTHER STRAIGHTS | |
|---------------------|-----|-------|-------|-----------------|-------|
| Issued | Bid | Offer | Yield | Chg. | Yield |
| ALBANY 1994 | 100 | 100 | 100 | 0 | 100 |
| ALBANY 1995 | 100 | 100 | 100 | 0 | 100 |
| ALBANY 1996 | 100 | 100 | 100 | 0 | 100 |
| ALBANY 1997 | 100 | 100 | 100 | 0 | 100 |
| ALBANY 1998 | 100 | 100 | 100 | 0 | 100 |
| ALBANY 1999 | 100 | 100 | 100 | 0 | 100 |
| ALBANY 2000 | 100 | 100 | 100 | 0 | 100 |
| ALBANY 2001 | 100 | 100 | 100 | 0 | 100 |
| ALBANY 2002 | 100 | 100 | 100 | 0 | 100 |
| ALBANY 2003 | 100 | 100 | 100 | 0 | 100 |
| ALBANY 2004 | 100 | 100 | 100 | 0 | 100 |
| ALBANY 2005 | 100 | 100 | 100 | 0 | 100 |
| ALBANY 2006 | 100 | 100 | 100 | 0 | 100 |
| ALBANY 2007 | 100 | 100 | 100 | 0 | 100 |
| ALBANY 2008 | 100 | 100 | 100 | 0 | 100 |
| ALBANY 2009 | 100 | 100 | 100 | 0 | 100 |
| ALBANY 2010 | 100 | 100 | 100 | 0 | 100 |
| ALBANY 2011 | 100 | 100 | 100 | 0 | 100 |
| ALBANY 2012 | 100 | 100 | 100 | 0 | 100 |
| ALBANY 2013 | 100 | 100 | 100 | 0 | 100 |
| ALBANY 2014 | 100 | 100 | 100 | 0 | 100 |
| ALBANY 2015 | 100 | 100 | 100 | 0 | 100 |
| ALBANY 2016 | 100 | 100 | 100 | 0 | 100 |
| ALBANY 2017 | 100 | 100 | 100 | 0 | 100 |
| ALBANY 2018 | 100 | 100 | 100 | 0 | 100 |
| ALBANY 2019 | 100 | 100 | 100 | 0 | 100 |
| ALBANY 2020 | 100 | 100 | 100 | 0 | 100 |
| ALBANY 2021 | 100 | 100 | 100 | 0 | 100 |
| ALBANY 2022 | 100 | 100 | 100 | 0 | 100 |
| ALBANY 2023 | 100 | 100 | 100 | 0 | 100 |
| ALBANY 2024 | 100 | 100 | 100 | 0 | 100 |
| ALBANY 2025 | 100 | 100 | 100 | 0 | 100 |
| ALBANY 2026 | 100 | 100 | 100 | 0 | 100 |
| ALBANY 2027 | 100 | 100 | 100 | 0 | 100 |
| ALBANY 2028 | 100 | 100 | 100 | 0 | 100 |
| ALBANY 2029 | 100 | 100 | 100 | 0 | 100 |
| ALBANY 2030 | 100 | 100 | 100 | 0 | 100 |
| ALBANY 2031 | 100 | 100 | 100 | 0 | 100 |
| ALBANY 2032 | 100 | 100 | 100 | 0 | 100 |
| ALBANY 2033 | 100 | 100 | 100 | 0 | 100 |
| ALBANY 2034 | 100 | 100 | 100 | 0 | 100 |
| ALBANY 2035 | 100 | 100 | 100 | 0 | 100 |
| ALBANY 2036 | 100 | 100 | 100 | 0 | 100 |
| ALBANY 2037 | 100 | 100 | 100 | 0 | 100 |
| ALBANY 2038 | 100 | 100 | 100 | 0 | 100 |
| ALBANY 2039 | 100 | 100 | 100 | 0 | 100 |
| ALBANY 2040 | 100 | 100 | 100 | 0 | 100 |
| ALBANY 2041 | 100 | 100 | 100 | 0 | 100 |
| ALBANY 2042 | 100 | 100 | 100 | 0 | 100 |
| ALBANY 2043 | 100 | 100 | 100 | 0 | 100 |
| ALBANY 2044 | 100 | 100 | 100 | 0 | 100 |
| ALBANY 2045 | 100 | 100 | 100 | 0 | 100 |
| ALBANY 2046 | 100 | 100 | 100 | 0 | 100 |
| ALBANY 2047 | 100 | 100 | 100 | 0 | 100 |
| ALBANY 2048 | 100 | 100 | 100 | 0 | 100 |
| ALBANY 2049 | 100 | 100 | 100 | 0 | 100 |
| ALBANY 2050 | 100 | 100 | 100 | 0 | 100 |
| ALBANY 2051 | 100 | 100 | 100 | 0 | 100 |
| ALBANY 2052 | 100 | 100 | 100 | 0 | 100 |
| ALBANY 2053 | 100 | 100 | 100 | 0 | 100 |
| ALBANY 2054 | 100 | 100 | 100 | 0 | 100 |
| ALBANY 2055 | 100 | 100 | 100 | 0 | 100 |
| ALBANY 2056 | 100 | 100 | 100 | 0 | 100 |
| ALBANY 2057 | 100 | 100 | 100 | 0 | 100 |
| ALBANY 2058 | 100 | 100 | 100 | 0 | 100 |
| ALBANY 2059 | 100 | 100 | 100 | 0 | 100 |
| ALBANY 2060 | 100 | 100 | 100 | 0 | 100 |
| ALBANY 2061 | 100 | 100 | 100 | 0 | 100 |
| ALBANY 2062 | 100 | 100 | 100 | 0 | 100 |
| ALBANY 2063 | 100 | 100 | 100 | 0 | 100 |
| ALBANY 2064 | 100 | 100 | 100 | 0 | 100 |
| ALBANY 2065 | 100 | 100 | 100 | 0 | 100 |
| ALBANY 2066 | 100 | 100 | 100 | 0 | 100 |
| ALBANY 2067 | 100 | 100 | 100 | 0 | 100 |
| ALBANY 2068 | 100 | 100 | 100 | 0 | 100 |
| ALBANY 2069 | 100 | 100 | 100 | 0 | 100 |
| ALBANY 2070 | 100 | 100 | 100 | 0 | 100 |
| ALBANY 2071 | 100 | 100 | 100 | 0 | 100 |
| ALBANY 2072 | 100 | 100 | 100 | 0 | 100 |
| ALBANY 2073 | 100 | 100 | 100 | 0 | 100 |
| ALBANY 2074 | 100 | 100 | 100 | 0 | 100 |
| ALBANY 2075 | 100 | 100 | 100 | 0 | 100 |
| ALBANY 2076 | 100 | 100 | 100 | 0 | 100 |
| ALBANY 2077 | 100 | 100 | 100 | 0 | 100 |
| ALBANY 2078 | 100 | 100 | 100 | 0 | 100 |
| ALBANY 2079 | 100 | 100 | 100 | 0 | 100 |
| ALBANY 2080 | 100 | 100 | 100 | 0 | 100 |
| ALBANY 2081 | 100 | 100 | 100 | 0 | 100 |
| ALBANY 2082 | 100 | 100 | 100 | 0 | 100 |
| ALBANY 2083 | 100 | 100 | 100 | 0 | 100 |
| ALBANY 2084 | 100 | 100 | 100 | 0 | 100 |
| ALBANY 2085 | 100 | 100 | 100 | 0 | 100 |
| ALBANY 2086 | 100 | 100 | 100 | 0 | 100 |
| ALBANY 2087 | 100 | 100 | 100 | 0 | 100 |
| ALBANY 2088 | 100 | 100 | 100 | 0 | 100 |
| ALBANY 2089 | 100 | 100 | 100 | 0 | 100 |
| ALBANY 2090 | 100 | 100 | 100 | 0 | 100 |
| ALBANY 2091 | 100 | 100 | 100 | 0 | 100 |
| ALBANY 2092 | 100 | 100 | 100 | 0 | 100 |
| ALBANY 2093 | 100 | 100 | 100 | 0 | 100 |
| ALBANY 2094 | 100 | 100 | 100 | 0 | 100 |
| ALBANY 2095 | 100 | 100 | 100 | 0 | 100 |
| ALBANY 2096 | 100 | 100 | 100 | 0 | 100 |
| ALBANY 2097 | 100 | 100 | 100 | 0 | 100 |
| ALBANY 2098 | 100 | 100 | 100 | 0 | 100 |
| ALBANY 2099 | 100 | 100 | 100 | 0 | 100 |
| ALBANY 2100 | 100 | 100 | 100 | 0 | 100 |
| ALBANY 2101 | 100 | 100 | 100 | 0 | 100 |
| ALBANY 2102 | 100 | 100 | 100 | 0 | 100 |
| ALBANY 2103 | 100 | 100 | 100 | 0 | 100 |
| ALBANY 2104 | 100 | 100 | 100 | 0 | 100 |
| ALBANY 2105 | 100 | 100 | 100 | 0 | 100 |
| ALBANY 2106 | 100 | 100 | 100 | 0 | 100 |
| ALBANY 2107 | 100 | 100 | 100 | 0 | 100 |
| ALBANY 2108 | 100 | 100 | 100 | 0 | 100 |
| ALBANY 2109 | 100 | 100 | 100 | 0 | 100 |
| ALBANY 2110 | 100 | 100 | 100 | 0 | 100 |
| ALBANY 2111 | 100 | 100 | 100 | 0 | 100 |
| ALBANY 2112 | 100 | 100 | 100 | 0 | 100 |
| ALBANY 2113 | 100 | 100 | 100 | 0 | 100 |
| ALBANY 2114 | 100 | 100 | 100 | 0 | 100 |
| ALBANY 2115 | 100 | 100 | 100 | 0 | 100 |
| ALBANY 2116 | 100 | 100 | 100 | 0 | 100 |
| ALBANY 2117 | 100 | 100 | 100 | 0 | 100 |
| ALBANY 2118 | 100 | 100 | 100 | 0 | 100 |
| ALBANY 2119 | 100 | 100 | 100 | 0 | 100 |
| ALBANY 2120 | 100 | 100 | 100 | 0 | 100 |
| ALBANY 2121 | 100 | 100 | 100 | 0 | 100 |
| ALBANY 2122 | 100 | 100 | 100 | 0 | 100 |
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| ALBANY 2124 | 100 | 100 | 100 | 0 | 100 |
| ALBANY 2125 | 100 | 100 | 100 | 0 | 100 |
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| ALBANY 2170 | 100 | 100 | 100 | 0 | 100 |
| ALBANY 2171 | 100 | 100 | 100 | 0 | 100 |
| ALBANY 2172 | 100 | 100 | 100 | 0 | 100 |
| ALBANY 2173 | 100 | 100 | 100 | 0 | 100 |
| ALBANY 2174 | 100 | 100 | 100 | 0 | 100 |
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| ALBANY 2200 | 100 | 100 | 100 | 0 | 100 |
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| ALBANY 2203 | 100 | 100 | 100 | 0 | 100 |
| ALBANY 2204 | 100 | 100 | 100 | 0 | 100 |
| ALBANY 2205 | 100 | 100 | 100 | 0 | 100 |
| ALBANY 2206 | 100 | 100 | 100 | 0 | 100 |
| ALBANY 2207 | 100 | 100 | 100 | 0 | 100 |
| ALBANY 2208 | 100 | 100 | 100 | 0 | 100 |
| ALBANY 2209 | 100 | 100 | 100 | 0 | 100 |
| ALBANY 2210 | 100 | 100 | 100 | 0 | 100 |
| ALBANY 2211 | 100 | 100 | 100 | 0 | 100 |
| ALBANY 2212 | 100 | 100 | 100 | 0 | 100 |
| ALBANY 2213 | 100 | 100 | 100 | 0 | 100 |
| ALBANY 2214 | 100 | 100 | 100 | 0 | 100 |
| ALBANY 2215 | 100 | 100 | 100 | 0 | 100 |
| ALBANY 2216 | 100 | 100 | 100 | 0 | 100 |
| ALBANY 2217 | 100 | 100 | 100 | | |

INTERNATIONAL CAPITAL MARKETS

Spain may see short-term debt rise

By Tom Burns in Madrid and Sara Webb in London

THE PLAN to invest the Bank of Spain with greater autonomy and put an end to the Treasury's ability to borrow from the central bank in order to meet short-term funding needs is likely to encourage the issuance of short-term debt in preference to longer-dated bonds in the immediate future, according to European bond analysts.

In the past, the government would borrow from the central bank and then spread its debt issuance over the year. In the future it can still do so in 1993 as the autonomy statute is amended on Tuesday, and therefore the ban on borrowing from the Bank of Spain - does not come into effect until January 1 1994.

However, the government is likely to start implementing

the new rules in 1993. "The government is going to make every effort not to go to the Bank of Spain, although it is still able to do so, so as to lessen the possible traumatic effects on 1994 when it will no longer be able to do so," said Mr Juan Cuenca, chief executive of Madrid securities house Gestamar.

The government plans to invest the Bank of Spain with a "Bundesbank-style" autonomy just when it is likely to need the type of short-term emergency borrowing from the central bank that it used in the past.

Traditionally, Spain has relied heavily on issuing short-term paper, resulting in a large refinancing need in the first months of the year. The need is particularly big at present. Total debt issuance amounted to Ptas12,840bn (\$112bn) in 1992, and is expected to be Ptas15,840bn in 1993.

The government spent heavily - for example on the Barcelona Olympics, and Seville's Expo '92 - but after the Dames rejected the Maastricht Treaty in June, it became much more expensive for the government to issue debt.

Instead, the government stopped issuing paper and borrowed over Ptas1,000bn between June and September from the central bank (some estimates put the bank borrowing at Ptas1,400bn), which it then repaid by issuing three and six-month paper between September and December.

Altogether about Ptas5,500bn was raised in the last quarter. This now has to be rolled over and it is estimated that Ptas4,000bn has to be refinanced in the first quarter of 1993, of which about Ptas2,500bn has to be raised in January alone.

While Spanish interest rates remain relatively high, the government is unlikely to want to issue long-term debt, and so is expected to concentrate on issuing short-dated paper.

Spanish interest rates are unlikely to fall much until the Bundesbank starts to ease German rates, although dealers point out that lower inflation figures and more reasonable wage settlements in Spain would help to push bond yields down.

Longer-term, the decision to give the Bank of Spain more autonomy is likely to result in more regular use of the bond markets.

When Spanish yields rose dramatically in the wake of the Danish vote against Maastricht, the Treasury was reluctant to hold auctions of long-dated debt because it did not want to issue new paper at a rate reflecting the high yields in the secondary market.

Gilts rally eases as Bank plans issue

By Sara Webb in London and Laurie Morse in Chicago

UK GOVERNMENT bonds rallied further yesterday as the cash market rose by up to half a point and caught up with the gains made by gilts futures on Tuesday.

GOVERNMENT BONDS

However, news that the Bank of England is issuing a further £1bn of stock helped erode some of the gains later in the day.

The Bank is issuing a £1bn tranche of 7% per cent Treasury stock due 1993, with a further £100m of the bonds issued to the National Debt Commissioners. This will increase the total size of the issue to £2.1bn.

The bonds, which are partly paid, are being offered at 252.

US-TREASURY prices were mixed as professional traders took profits after Tuesday's advance. In the last full trading session of 1992 many dealers were on the sidelines, with traders willing to wait until the New Year to set new positions.

At mid-session the Treasury's bellwether 30-year bond was 2 1/2 lower at 102 1/2, yielding 7.374 per cent. Among shorter-dated maturities, the two-year note rose 1/4 to yield 4.542 per cent.

The short-dated notes took mild support from news that US new home sales in November fell 8.3 per cent. The weakness in the housing sector was unexpected, and was contrary to forecasts of a 0.4 per cent advance.

SPANISH government bonds ended lower after the Treasury allocated a larger-than-expected amount of paper at yesterday's bond auction. Yields on three, five and 10-year paper were slightly higher than those last set at the October 28 auction.

The October auction was the first for medium and long-term paper at which bids had been accepted since last May due to the turmoil caused by Denmark's rejection of the Maastricht Treaty.

GERMAN government bonds drifted lower in thin trade with most attention focusing on yesterday's auction of Federal bonds. The DTB March future on long bonds slipped to 92.00 by late afternoon against Tuesday's close of 92.12.

Dealers were surprised by the large amount raised at the auction. A total of DM12bn of bonds was issued, whereas dealers had expected only DM10bn. Bids of 98.71 and above were accepted at the auction.

Elsewhere in Europe, French government bonds fell due to the weakness of the franc against the D-Mark. The March

| BENCHMARK GOVERNMENT BONDS | | | | | | | | | |
|----------------------------|--------|-------|----------|--------|--------|--------|-------|--------|-------|
| Coupon | Rate | Price | Change | Yield | Week | Month | Year | 1992 | 1993 |
| AUSTRIA | 10.000 | 10/02 | 105.9985 | +0.001 | 8.91 | 8.91 | 8.78 | 8.91 | 8.78 |
| BELGIUM | 8.750 | 09/02 | 105.9000 | - | 7.84 | 7.84 | 8.07 | 7.84 | 8.07 |
| CANADA | 8.250 | 04/02 | 103.5600 | -0.250 | 7.95 | 7.95 | 8.18 | 7.95 | 8.18 |
| DENMARK | 8.000 | 11/00 | 100.2700 | -0.180 | 8.94 | 8.94 | 9.06 | 8.94 | 9.06 |
| FRANCE | 8.500 | 02/97 | 101.7888 | -0.003 | 7.98 | 8.05 | 8.26 | 7.98 | 8.26 |
| FRANCE | 8.500 | 11/02 | 102.7350 | -0.120 | 8.08 | 8.10 | 8.30 | 8.08 | 8.30 |
| GERMANY | 8.000 | 07/02 | 105.0800 | -0.020 | 7.24 | 7.24 | 7.41 | 7.24 | 7.41 |
| ITALY | 12.000 | 05/02 | 94.1400 | -0.010 | 13.531 | 13.531 | 13.59 | 13.531 | 13.59 |
| JAPAN | 10.119 | 08/98 | 101.4788 | - | 4.31 | 4.31 | 4.52 | 4.31 | 4.52 |
| NETHERLANDS | 8.125 | 03/02 | 105.0748 | -0.001 | 8.33 | 8.33 | 8.57 | 8.33 | 8.57 |
| NETHERLANDS | 8.250 | 09/02 | 105.0400 | -0.001 | 7.36 | 7.36 | 7.54 | 7.36 | 7.54 |
| SPAIN | 10.300 | 09/02 | 98.0500 | -0.250 | 12.49 | 12.43 | 12.71 | 12.49 | 12.71 |
| UK GILTS | 10.000 | 11/98 | 108.08 | +0.002 | 7.19 | 7.20 | 7.55 | 7.19 | 7.55 |
| UK GILTS | 9.750 | 09/02 | 108.28 | +0.002 | 8.23 | 8.31 | 8.57 | 8.23 | 8.57 |
| UK GILTS | 9.000 | 10/09 | 109.28 | +0.002 | 8.53 | 8.59 | 8.90 | 8.53 | 8.90 |
| US TREASURY | 8.375 | 08/02 | 97.31 | -0.02 | 8.56 | 8.56 | 8.57 | 8.56 | 8.57 |
| US TREASURY | 7.625 | 11/22 | 103.07 | -0.02 | 7.38 | 7.38 | 7.61 | 7.38 | 7.61 |
| ECU (French Govt) | 8.500 | 03/02 | 99.1650 | - | 8.54 | 8.53 | 8.87 | 8.54 | 8.87 |

London closing, "denotes New York morning session. Yields: Local market standard. Gross annual yield (including withholding tax at 12.5 per cent payable by non-residents). Prices: US, UK in 32nds, others in decimal. Technical Data/ATLAS Price Sources

| FT FIXED INTEREST INDICES | | | | | | | | | |
|---------------------------|--------|--------|--------|--------|--------|-------|--------|-------|--|
| | Dec 29 | Dec 28 | Dec 24 | Dec 23 | Dec 22 | Year | High | Low | |
| Benchmark (UK) | 94.41 | 94.08 | 94.07 | 94.05 | 93.90 | 86.28 | 95.54 | 85.11 | |
| Fixed Interest | 105.67 | 105.48 | 105.43 | 105.28 | 105.21 | 96.72 | 110.26 | 97.15 | |
| Fixed Index | 105.67 | 105.48 | 105.43 | 105.28 | 105.21 | 96.72 | 110.26 | 97.15 | |

| GILT EDGED ACTIVITY | | | | | | | | | |
|---------------------|--------|--------|--------|--------|--------|--|--|--|--|
| | Dec 29 | Dec 24 | Dec 23 | Dec 22 | Dec 21 | | | | |
| UK Gilt Edged | 51.1 | 48.9 | 88.1 | 120.0 | 78.8 | | | | |
| US Gilt Edged | 78.8 | 85.4 | 97.0 | 98.7 | 97.7 | | | | |

contract on the Maffi futures exchange fell from 112.44 to 112.14.

JAPANESE government bonds rallied strongly yesterday, prompted by a sharp fall in the Tokyo stock market which reignited hopes that the Bank of Japan would lower interest rates.

The futures contract rose to a high of 108.39 before ending the half-day of trading at 108.35. Most of the activity was dealer-driven, traders said.

Madrid tries to stem flow of foreign funds

By Peter Bruce in Madrid

THE MADRID bourse is considering ways of introducing marketmaking into the Spanish equity market in an effort to stop a slow draining of foreign investment towards more liquid European markets.

Mr Antonio Zoido, president of the Madrid Stock Exchange, has said the possibility of creating marketmakers in Spain has already been put, informally, to the national stock market commission (CNMV).

The introduction of market-making into Madrid would require a potentially lengthy

change of stock market law or it could be achieved more rapidly through a royal decree.

Spain's stock markets have already been through a grueling reform process in the past four years, but this has concentrated mostly on offering greater transparency and security to investors.

The Madrid market, the fourth largest in Europe in terms of capitalisation, still suffers from liquidity problems, however.

Large foreign institutional investors tend to buy in a narrow range of Spanish stocks, mainly banks and utilities, which guarantee them a quick

exit should it be necessary.

Spain's brokers, who fight low key wars to undercut each other on commissions, are also victims of investor concentration on a limited number of liquid stocks.

Brokers have in the past tried to create business for themselves by occasionally buying large stakes in companies with a view to turning them round and selling them on the markets. But these schemes, as well as a rash of flotations in recent years, have delivered disappointing results, with many new entrants to the market now trading well below their launch prices.

Foreign investors, either brokers or final clients, have quickly seen the ease with which Spanish brokers can be squeezed.

"Whether marketmaking is good or bad is not the point," said Mr Frederick Artesani, chief of equity research and sales with Benito y Monjardin in Madrid.

"The point is that market-making is inevitable."

With the Madrid market well down on the year, some larger Madrid brokers have already begun to provide unofficial marketmaking services to big foreign clients in an effort to hold on to business.

THE KOREA-EUROPE FUND LIMITED

(Incorporated with limited liability under the laws of Germany, registered number 16612)

Notice to the Holders (the "IDR-Holders") of the International Depositary Receipts ("IDRs") issued by Morgan Guaranty Trust Company of New York (the "Depositary"), each of which represents 500 shares of US\$0.10 each (the "Shares") in The Korea-Europe Fund Limited (the "Company")

INCREASE OF CAPITAL

NOTICE IS HEREBY GIVEN, pursuant to Condition 12(A) of the IDRs, that the Depositary has received a circular dated 31st December, 1992, from the Company to call for a Special General Meeting of the Company to be held at 11.00 a.m. on 28th January, 1993, at Burdett House, 5, John's Avenue, St. Peter Port, Guernsey, to consider and, if thought fit, to pass the following resolution, which will be proposed as an Ordinary Resolution:

THAT the authorised share capital of the Company be increased from US\$3,000,000 to US\$5,000,000 by the creation of 20,000,000 additional shares of US\$0.10 each.

IDR-Holders have no right to attend, vote or speak at the Extraordinary General Meeting. However, IDR-Holders may provide voting instructions in respect of the Shares represented by the IDRs in the following way:

Instructions as to voting must be given to the Depositary at the address given below (Attention: Securities Department—telephone 32-2-508 82 15—telex 21752 MORGUE B) in writing not later than 26th January, 1993 and will not be valid unless there is delivered to the office of the Depositary or to any of the Agents at their addresses respectively specified below (the "Agents") either (i) the IDR in respect of the Shares for which such instructions are given or (ii) a certificate from an Agent, from Morgan Guaranty Trust Company of New York, Brussels Office, as operator of the Escrow System, or from Credit S.A., to the effect that such IDR has been deposited with it and is to be held in a blocked account to its order until after the meeting or any adjournment thereof. IDR-Holders must indicate to the Depositary or the Agent (as the case may be) to whom the IDRs should be returned after the meeting or any adjournment thereof.

IDRs deposited with or to the order of an Agent will not be released until the conclusion of the above mentioned meeting or any adjournment thereof. The Agent shall promptly give notice to the Depositary of such release.

The Depositary will endeavour, so far as is practicable and subject to any applicable provisions of Law or of the Memorandum and Articles of Association of the Company, to give the voting rights attaching to the Shares represented by the IDRs in accordance with such instructions.

If, prior to 5.00 p.m. on 26th January, 1993 no such instructions are transmitted to the Depositary with respect to the voting of the Shares represented by any of the IDRs, the Depositary may exercise or refrain from exercising the voting rights attaching to such Shares as it thinks fit and may, if it thinks fit, give a discretionary proxy to a person nominated by the Company.

Copies of the Circular are available for collection by the IDR-Holders from Morgan Guaranty Trust Company of New York and Kredietbank S.A., Luxembourg at their respective addresses set out below. Further details of the IDR-Holders' rights to give voting instructions to the Depositary are contained in the Circular.

DEPOSITARY
Morgan Guaranty Trust Company of New York
Avenue des Arts 35
1040 Brussels

AGENTS
Morgan Guaranty Trust Company of New York
61 Victoria Embankment
London EC4Y 0JF
Mannesmann Landstrasse 46
D-6000 Frankfurt-am-Main
Kredietbank S.A., Luxembourg
43 Boulevard Royal
Luxembourg L-2955

Dated 31st December, 1992

CITICORP

U.S. \$350,000,000
Subordinated Floating Rate Notes Due November 27, 2005

Notice is hereby given that the Rate of Interest has been fixed at 5% in respect of the Original Notes and 5.0875% in respect of the Enhancement Notes, and that the interest payable on the relevant Interest Payment Date January 29, 1993 against Coupon No. 86 in respect of US\$10,000 nominal of the Notes will be US\$4.28 in respect of the Original Notes and US\$4.98 in respect of the Enhancement Notes.

U.S. \$500,000,000
Subordinated Floating Rate Notes Due October 25, 2005

Notice is hereby given that the Rate of Interest has been fixed at 5% and that the interest payable on the relevant Interest Payment Date January 29, 1993 against Coupon No. 87 in respect of US\$10,000 nominal of the Notes will be US\$4.28.

U.S. \$500,000,000
Subordinated Floating Rate Notes Due January 30, 1998

Notice is hereby given that the Rate of Interest has been fixed at 5% and that the interest payable on the relevant Interest Payment Date January 29, 1993 against Coupon No. 84 in respect of US\$10,000 nominal of the Notes will be US\$4.28.

December 31, 1992
By: Citibank, N.A. (Issuer Services), Agent Bank **CITIBANK**

U.S. \$75,000,000

Comerica Incorporated

Floating Rate Subordinated Capital Notes Due 1997

Interest Rate 5 1/4% per annum
Interest Period 31st December 1992 to 31st March 1993
Interest Amount per U.S. \$50,000 Note due 31st March 1993 U.S. \$666.25
Credit Suisse First Boston Limited Agent

U.S. \$200,000,000

CONTINENTAL ILLINOIS OVERSEAS FINANCE CORPORATION N.V.

(Incorporated with limited liability in the Netherlands Antilles)

GUARANTEED FLOATING RATE SUBORDINATED NOTES DUE 1994

Guaranteed on a Subordinated basis by Continental Illinois Corporation (Incorporated with limited liability in Delaware, USA)

In accordance with the provisions of the Notes and the Reference Agency Agreement between Continental Illinois Overseas Finance Corporation N.V. and Citibank, N.A., dated June 24, 1992, notice is hereby given that the Rate of Interest has been fixed at 5.25% p.a. and that the interest payable on the relevant Interest Payment Date March 31, 1993 against Coupon No. 43 will be U.S.\$131.25 in respect of U.S. \$10,000 nominal amount of the Notes.

December 31, 1992
By: Citibank, N.A. (Issuer Services), Agent Bank **CITIBANK**

U.S. \$400,000,000

BankAmerica Corporation

Floating Rate Subordinated Capital Notes Due 1996

(originally issued by) BankAmerica Overseas Finance Corporation N.V.

Interest Rate 5 1/4% per annum
Interest Payment Date 31st March 1993
Interest Amount per U.S. \$50,000 Note U.S. \$666.25
Credit Suisse First Boston Limited Agent

DEN DANSKE BANK

US\$100,000,000
Subordinated floating rate capital notes due 2000

In accordance with the provisions of the notes, notice is hereby given that for the six months interest period from 31 December 1992 to 30 June 1993 the notes will carry an interest rate of 5.25% per annum. The interest payable on the relevant interest payment date 30 June 1993 will amount to US\$263.96 per US\$10,000 note and US\$538.96 per US\$250,000 note.

Agent: Morgan Guaranty Trust Company
JPMorgan

Wells Fargo & Company

US\$100,000,000
Subordinated floating rate capital notes due September 1997

In accordance with the provisions of the notes, notice is hereby given that for the interest period 31 December 1992 to 31 March 1993 the notes will carry an interest rate of 5% per annum. Interest payable on the relevant interest payment date 31 March 1993 will amount to US\$125.00 per US\$10,000 note.

Agent: Morgan Guaranty Trust Company
JPMorgan

CARDIFF BAY & THE BARRAGE

The FT proposes to publish this survey on immediately after the Parliamentary Bill sanctioning the approval of the Barrage. Anticipated publication date: April 5 1993.

It will be published from its print centres in Tokyo, New York, Frankfurt, Reuters and London. It will also be read by Senior Businessmen and government officials in 160 countries worldwide.

It will also be of particular interest to 130,000 Directors and Managers in the UK who receive the weekly FT.

If you want to reach this important audience with your services, expertise or products whilst maintaining a high profile in connection with Cardiff Bay & The Barrage and wish to receive a copy of the editorial synopsis and advertising rates, call:

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Meridiana House,
Wapping Road,
Stratford BS1 4RU

Date source: BMC Business Survey 1990

FT SURVEYS

Wells Fargo & Company

US\$200,000,000
Floating rate subordinated notes due 2000

In accordance with the provisions of the notes, notice is hereby given that for the interest period 31 December 1992 to 29 January 1993 the notes will carry an interest rate of 5.25% per annum. Interest payable on the relevant interest payment date 29 January 1993 will amount to US\$42.29 per US\$10,000 note and US\$211.45 per US\$50,000 note.

Agent: Morgan Guaranty Trust Company
JPMorgan

IRAN

The FT will be publishing its first survey on Iran for eight years on January 28 1993.

Each an internal resource, Iran is once again becoming a magnet for international business interest. With the Iran-Iraq war well behind it, the country faces immense challenges and opportunities.

For further information call Tim-Louise Coburn
Tel: 011-873 3330
Fax: 011-873 3395

FT SURVEYS

BBV BANCO BILBAO VIZCAYA

THIRD QUARTERLY DIVIDEND 1992.

The Board of Directors of Banco Bilbao Vizcaya has approved the payment of a third quarterly dividend for the financial year 1992 on all shares in issue, numbered 1 to 231,000,000 as follows:

| Gross Dividend | Tax | Net Dividend |
|----------------|-----------|--------------|
| 38 ptas | 9.50 ptas | 28.50 ptas |

Date of payment: On or after 11th January 1993.

Place of payment: At the Head Office and branches of Banco Bilbao Vizcaya or its subsidiaries.

AMERICAN EXPRESS BANK

U.S. \$100,000,000

Floating Rate Subordinated Capital Notes Due 1997

Notice is hereby given that the Rate of Interest has been fixed at 3.6875% and that the interest payable in respect of U.S. \$10,000 principal amount of Notes for the period December 31, 1992 to March 31, 1993 will be U.S.\$21.19.

December 31, 1992, London
By: Citibank, N.A. (Issuer Services), Agent Bank **CITIBANK**

U.S. \$150,000,000 Floating Rate Participation Notes Due 1993

Issued by Prismafond GmbH for the purpose of making a loan to

CREDIOP

CONSORZIO DI CREDITO PER LE OPERE PUBBLICHE ROMANE

Notice is hereby given that the interest payable on the relevant Interest Payment Date, January 29, 1993, for the period July 31, 1992 to January 29, 1993, against Coupon No. 15 in respect of U.S.\$10,000 nominal of the Notes will be U.S.\$180.16 and in respect of U.S.\$250,000 nominal of the Notes will be U.S.\$4,503.91.

December 31, 1992, London
By: Citibank, N.A. (Issuer Services), Agent Bank **CITIBANK**

TSB

(Incorporated in Scotland with limited liability, registered number 95000)

£100,000,000 Perpetual Floating Rate Notes

Notice is hereby given that the Rate of Interest has been fixed at 7.7625% and that the interest payable on the relevant Interest Payment Date March 31, 1993 against Coupon No. 12 in respect of £10,000 nominal amount of Notes will be £791.40.

December 31, 1992, London
By: Citibank, N.A. (Issuer Services), Agent Bank **CITIBANK**

BANQUE NATIONALE DE PARIS S.A. & CO (DEUTSCHLAND) OHG

USD 200,000,000
Floating Rate Subordinated Loan due 2000 to

THE HOKURIKU BANK LTD

Notice is hereby given that the rate of interest for the period from December 30th, 1992 to March 30th, 1993 has been fixed at 8.85 per cent. The coupon amount due for this period is USD 2,406.25 per USD 250,000 denomination and is payable on the interest payment date March 30th, 1993.

The Fiscal Agent
Banque Nationale de Paris (Luxembourg) S.A.

£175,000,000 FGC Guaranteed Funding Ltd

(Incorporated with limited liability in the United Kingdom)

Floating Rate Notes due 2001

Guaranteed as to the Scheduled payment of Principal and Interest pursuant to a Survey Bond issued by Financial Guaranty Insurance Company

In accordance with the provisions of the Notes, notice is hereby given that for the interest period from December 29, 1992 to March 29, 1993 the Notes will carry interest at the rate of 7.5575% per annum.

Interest payable on March 29, 1993 will amount to £78,428.54 on each £250,000 Note.

By: The Chase Manhattan Bank, N.A., London Branch, Agent Bank
January 4, 1993

CHASE

CHELSEA BUILDING SOCIETY

£15,000,000
Subordinated Floating Rate Notes Due 1999

In accordance with the terms and conditions of the Notes, notice is hereby given that the Rate of Interest for the interest period 28 December 1992 to 28 June 1993 has been fixed at 7.125 per cent per annum. The coupon amount per £1,000,000 will be £58,555.48 payable on 28 June 1993 against presentation of the relevant Note.

HILL SAMUEL BANK LIMITED
Agent Bank

ALLIANCE & LEICESTER BUILDING SOCIETY

Japanese Yen 10,000,000,000
Floating Rate Notes due 1993

In accordance with the provisions of the Notes, notice is hereby given that for the six month period 29th December, 1992 to 28th February, 1993 the Notes will carry an interest rate of 4.95 per cent, per annum. The Coupon will be Japanese Yen 246,822 on the Notes of Japanese Yen 10,000,000,000. The relevant interest payment date will be 29th June, 1993.

Solomon Trust International Limited (Agent Bank)

INTEREST INDICES

Ready to move

sey Ferguson Group



balance sheet and the...
expand. Bank...
shareholders...
a further...
factory has...
Along with...
structure...
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But it has...
not profitably...
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According to...
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can proper...
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Acquisition seed costs hit Stanco

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This announcement appears as a matter of record only

\$102,000,000
MANAGEMENT BUY-OUT
OF THE COAL MINING BUSINESSES OF
A. E. BUDGE LIMITED
BY
R. J. BUDGE (BUILDINGS) LTD.

Equity provided by:
Montagu Private Equity; Schroder Ventures
Chambers Development Capital Ltd.
Prudent Venture Managers Ltd.

Debt provided by:
Bank of Scotland (Lead Bank)
Swiss Bank Corporation (Lead Bank)
Midland Bank plc

MONTAGU PRIVATE EQUITY
The Venture Catalysts
Montagu Private Equity Limited
10 Lower Thames Street, London EC3R 6AE
Tel: 071-260 9783 Fax: 071-220 7265
A MEMBER OF IMRO
member HSBC group

This announcement appears as a matter of record only

**MANAGEMENT BUY-IN
OF REGIONAL PUBS
FROM BASS PLC**

CENTRIC
Led arranged and structured by:
Montagu Private Equity
Equity underwritten by:
Montagu Private Equity
Mercury Asset Management
Lloyds Development Capital
(Birmingham)

Debt underwritten by:
Midland Bank PLC

Due Diligence Accountants:
Ernst & Young

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Tel: 071-260 9783 Fax: 071-220 7265
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member HSBC group

This announcement appears as a matter of record only

\$26,000,000
MANAGEMENT AND EMPLOYEE BUY-OUT
OF
CLYDEPORT LIMITED

Equity led and underwritten by:
Montagu Private Equity
Financial advisers and arrangers:
Barry McKellar Ltd.

Debt provided by:
Bank of Scotland (Lead Bank)
Clydesdale Bank

Legal advisers to management:
Bird Simpson Pyle Ireland W.S.

Due Diligence Accountants:
KPMG Post Marwick

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The Venture Catalysts
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Tel: 071-260 9783 Fax: 071-220 7265
A MEMBER OF IMRO
member HSBC group

This announcement appears as a matter of record only

**MANAGEMENT BUY-IN
OF
AUDIO & VISION FURNITURE**

ANF
Transaction arranged by:
Montagu Private Equity
Equity provided by:
Montagu Private Equity
and non-UK resident private investors

Debt provided by:
Barclays Bank plc

Reporting Accountants:
Birmingham Office of Price Waterhouse

MONTAGU PRIVATE EQUITY
The Venture Catalysts
Montagu Private Equity Limited
10 Lower Thames Street, London EC3R 6AE
Tel: 071-260 9783 Fax: 071-220 7265
A MEMBER OF IMRO
member HSBC group

This announcement appears as a matter of record only

\$25 MILLION FINANCING
MANAGEMENT BUY-OUT OF
FIRSTEEL GROUP LTD

Acquired from Lurcho He
Led structured and arranged by:
Phildrew Ventures
and
Montagu Private Equity

Institutional Equity provided by:
The Phildrew Ventures Fund
The Phildrew Ventures Third Fund
Montagu Private Equity

Shareholders Loan Note provided by:
Montagu Private Equity

Debt facilities from:
Midland Bank plc

Professional Advisers:
KPMG Post Marwick; Dill Lupton Broomhead
Edward Erdman; Clifford Chance
Macfarlane

MONTAGU PRIVATE EQUITY
The Venture Catalysts
Montagu Private Equity Limited
10 Lower Thames Street, London EC3R 6AE
Tel: 071-260 9783 Fax: 071-220 7265
A MEMBER OF IMRO
member HSBC group

This announcement appears as a matter of record only

\$14,000,000
MANAGEMENT BUY-IN
OF

CICIA

Equity provided by:
Montagu Private Equity

Debt provided by:
Midland Bank plc

Reporting Accountants:
Birmingham Office of Price Waterhouse

MONTAGU PRIVATE EQUITY
The Venture Catalysts
Montagu Private Equity Limited
10 Lower Thames Street, London EC3R 6AE
Tel: 071-260 9783 Fax: 071-220 7265
A MEMBER OF IMRO
member HSBC group

This announcement appears as a matter of record only

**MANAGEMENT BUY-OUT
OF
PRIMARY INDUSTRIES**

PI

Equity provided by:
Montagu Private Equity

Debt provided by:
Midland Bank plc

Reporting Accountants:
Birmingham Office of Price Waterhouse

MONTAGU PRIVATE EQUITY
The Venture Catalysts
Montagu Private Equity Limited
10 Lower Thames Street, London EC3R 6AE
Tel: 071-260 9783 Fax: 071-220 7265
A MEMBER OF IMRO
member HSBC group

This announcement appears as a matter of record only

CCA Holdings N.V.
has acquired 100% of
Continuous Coil Anodizing N.V.

The equity was led and arranged by:
Midland Montagu Investissement
Montagu Private Equity

The senior and subordinated debt was provided by:
Kredietbank N.V.
Hasselt, Belgium

Debt Financing Arranged by:
Samuel Montagu & Co. Limited
Specialised Financing Division

A management buy-out with:
ACE Partners, Brussels

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10 Lower Thames Street, London EC3R 6AE
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A MEMBER OF IMRO
member HSBC group

This announcement appears as a matter of record only

\$12,500,000
(including working capital)
Management Buy-Out
of
Eight Engineering & Automotive Businesses
from
Mosaic Investments PLC
by
Edgemond Group Limited
including

Corbic **Interavell** **Hughes**

Structured, Led and Arranged by
Montagu Private Equity

Equity Co-underwritten by
Montagu Private Equity
County NatWest Ventures (Birmingham)

Debt Provided by
Midland Bank plc (Birmingham)

Advisers to Management
Touche Ross (Birmingham)

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Confidence checked in higher volume

By Terry Byland,
FT Stock Market Editor

THE LONDON stock market yesterday displayed a mirror image of its previous session, sliding lower in modest trading as the outlook on both the domestic and US economies appeared less dramatic. Trading volume increased as the equity market gave ground, while stock index futures played a less aggressive role in the underlying stock market.

The UK market was disappointed by Wall Street's fall overnight, as the rise in US consumer confidence and an initial dip in London stocks found no support this time from stock index futures.

Share prices were soon on the drift and the FTSE was 18.5 off at the day's low. Although there was little encouragement either from stock index futures or from Wall Street, a mere 8 Dow points up in London hours, following less decisive pointers from the November index of leading US economic indicators, the Footsie staged a modest rally.

The final reading showed the consumer confidence and an initial dip in London stocks found no support this time from stock index futures. Share prices were soon on the drift and the FTSE was 18.5 off at the day's low.

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At Henderson Crosthwaite, Mr. Bill Myers said that short-term weakness would be counterbalanced by selective buying at the discounted levels, with Sainsbury and Argill prices likely to be restored prior to yesterday's levels.

Argill closed at 39p, a fall of 22. Kwik Save at 78p, down by the same amount, Sainsbury at 56p, off 16p, and Tesco the same at 26p.

Pentos setback.
A profits warning from Pentos, the high street retailer which owns the Ryman and Athena chains, sent the shares crashing and, along with the Sainsbury announcement, took the shine off the gains made among retail stocks on Tuesday.

Pentos said that pre-tax profits for the year ending December 1992 would be "significantly below market expectations." It blamed disappointing trading at Athena and its Pentos Office Furniture outlets, as well as reorganisation costs. The shares closed 18 down at 56p.

Analysts quickly moved to chop forecasts. County NatWest moved from 17p to 16p, while Kleinwort Benson expected to change from 13.5p to 12.5p.

Mr. John Richards at County said that the bad news was probably all in the share price now, but that any recovery would take some time. He also said that hints that books may be included in changes to VAT in the Budget in March could also cast a cloud over the shares.

There were also criticisms from analysts over the company's accounting policy. The Pentos warning was behind the fall in W.H. Smith, even though Pentos said its Dillons chain was trading "satisfactorily".

Smith's 'A' shares retreated 10 to 50p. J. Menzies fell 4 to 45p, although Pentos said Ryman was also performing as expected.

Marks and Spencer lost 4 to 32p on the back of the Sainsbury announcement.

Group LTO and may vote against it at the EGM on 8 January. If true, this could encourage a renewed interest from Airtrons, which is thought to have held exploratory talks with Owners in the summer. Owners shares raced forward 7 to 45p.

Old talk that Queens Most Houses, the hotel group, was eyeing the smaller Mount Charlotte concern gave some investors the excuse to take profits and the shares fell 2 to 45p.

House builders at last took some comfort from the recovery talk and made gains. Among them, Bellway added 13 to 31p, Henry Boot 5 to 23p, and Countryside Properties 3 to 83p.

Trading in derivatives remained slack yesterday, and traders stressed that increased business in the March stock index future contract still left the total well below average levels. The contract closed at a premium of around 12 points above its fair value reading of 12 above cash, allowing for the dividend and financing flows imposed on holders of the underlying blue chip stocks.

Traders said that most of the business came from speculation.

| Account Dealing Dates | | | |
|-----------------------|--------|--------|--------|
| First Dealing | Dec 14 | Jan 4 | Jan 18 |
| Open Dealing | Dec 14 | Jan 14 | Jan 28 |
| Last Dealing | Dec 31 | Jan 15 | Jan 29 |
| Account Day | Jan 1 | Jan 16 | Feb 8 |

How time dealings may take place from 1.00pm two business days earlier.

FT-SE index at 2,832.5, a fall of 18.5 on the day. Similar fortunes were suffered by the FT-MID 250 index, down 4.9 at 2,856.4, and the FT-SE-A 350, which was 6.4 off at 1,382.5.

The immediate reasons behind yesterday's fall were not difficult to identify. Weakness in the New York market was one, but a significant factor was the disclosure of further tensions in Britain's high streets, after J. Sainsbury, a leading food supermarket group, said it was slashing prices by 25 to 50 per cent.

The news threw a cloud over this week's reports of increased spending in post-Christmas store sales, but most analysts maintained that Sainsbury's move should be seen merely in terms of competition in the domestic market.

But some analysts pointed to the downturn in food retailers and to the rise in Seaq-reported volume to 494.9m shares from the 287.1m of the previous session; equity business on Tuesday was worth only 656m, around half of recent daily average totals.

The fall in the UK equity market yesterday increased nervousness about the return to full trading at the beginning of next week. Many analysts fear that the present run in share prices could be severely tested by rights issues in the new year.

Turnover by volume (million) Excluding intra-market business & overseas turnover

London report and latest share index

Tel. 0811 122071. Cable channel at 30p/minute cheap rate. 40p at all other times.

bury announcement. Food sales are an increasingly larger part of the company's revenue. Acquisition talk once again circled Kingfisher, helping the shares rise 6 to 88p.

Sainsbury also helped drag food manufacturers down as analysts predicted a tough first quarter, the sector being squeezed between higher raw material costs and price cutting retailers. Cadbury Schweppes tumbled 9 to 43p, Northern Foods 8 to 26p and United Biscuits 11 to 32p.

The recovery in British Aerospace continued with renewed hints that a new Hawk aircraft order could be in the offing from the Indonesian government. The shares lifted 6 to 167p. Elsewhere, motor industry groups were strong, sentiment lifted by bullish statements from Vauxhall. Component manufacturer GKN rose 4 to 44p, while distributors Evans Halshaw added 3 to 20p and Penrhone 3 to 26p.

Buoyant holiday bookings again lifted Airtrons, shares in the tour operator ahead 15 to 30p. Sentiment was also helped by rumors that some institutional shareholders at Airtrons rival Overseas Airways are unhappy about the latter's tie-up with German travel

business. The contract closed at a premium of around 12 points above its fair value reading of 12 above cash, allowing for the dividend and financing flows imposed on holders of the underlying blue chip stocks.

Traders said that most of the business came from speculation.

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FT-SE Actuaries Share Indices

THE UK SERIES

| FT-SE 100 | FT-SE MID 250 | FT-A ALL-SHARE |
|-----------|---------------|----------------|
|-----------|---------------|----------------|

| 2832.5 -15.3 | 2856.4 -4.9 | 1358.06 -5.91 |
|--------------|-------------|---------------|
|--------------|-------------|---------------|

| | Dec 30 | Dec 29 | Dec 24 | Dec 23 | Dec 22 | year ago | High | Low | 1992 | Black components | |
|---------------|--------|--------|--------|--------|--------|----------|--------|--------|--------|------------------|----------|
| | | | | | | | | | | High | Low |
| FT-SE 100 | 2832.5 | 2847.8 | 2827.5 | 2827.4 | 2842.0 | 2420.0 | 2847.8 | 2281.0 | 2847.8 | 986. | |
| | | | | | | | | | | 23/12/92 | 23/12/92 |
| FT-SE mid 250 | 2856.4 | 2861.3 | 2848.9 | 2842.6 | 2845.4 | 2331.3 | 2861.3 | 2157.8 | 2861.3 | 1378. | |
| | | | | | | | | | | 23/12/92 | 23/12/92 |
| FT-SE-A 350 | 1382.5 | 1388.9 | 1379.8 | 1379.1 | 1385.1 | 1170.1 | 1388.9 | 1103.1 | 1388.9 | 684. | |
| | | | | | | | | | | 23/12/92 | 23/12/92 |

INVESTMENT TRUSTS - Cont.

| | 1971 | 1972 | 1973 | 1974 | 1975 |
|-----|------|------|------|------|------|
| 161 | 8.8 | 2.8 | 1.2 | 1.2 | 1.2 |
| 162 | 8.8 | 2.8 | 1.2 | 1.2 | 1.2 |
| 163 | 8.8 | 2.8 | 1.2 | 1.2 | 1.2 |
| 164 | 8.8 | 2.8 | 1.2 | 1.2 | 1.2 |
| 165 | 8.8 | 2.8 | 1.2 | 1.2 | 1.2 |
| 166 | 8.8 | 2.8 | 1.2 | 1.2 | 1.2 |
| 167 | 8.8 | 2.8 | 1.2 | 1.2 | 1.2 |
| 168 | 8.8 | 2.8 | 1.2 | 1.2 | 1.2 |
| 169 | 8.8 | 2.8 | 1.2 | 1.2 | 1.2 |
| 170 | 8.8 | 2.8 | 1.2 | 1.2 | 1.2 |
| 171 | 8.8 | 2.8 | 1.2 | 1.2 | 1.2 |
| 172 | 8.8 | 2.8 | 1.2 | 1.2 | 1.2 |
| 173 | 8.8 | 2.8 | 1.2 | 1.2 | 1.2 |
| 174 | 8.8 | 2.8 | 1.2 | 1.2 | 1.2 |
| 175 | 8.8 | 2.8 | 1.2 | 1.2 | 1.2 |
| 176 | 8.8 | 2.8 | 1.2 | 1.2 | 1.2 |
| 177 | 8.8 | 2.8 | 1.2 | 1.2 | 1.2 |
| 178 | 8.8 | 2.8 | 1.2 | 1.2 | 1.2 |
| 179 | 8.8 | 2.8 | 1.2 | 1.2 | 1.2 |
| 180 | 8.8 | 2.8 | 1.2 | 1.2 | 1.2 |
| 181 | 8.8 | 2.8 | 1.2 | 1.2 | 1.2 |
| 182 | 8.8 | 2.8 | 1.2 | 1.2 | 1.2 |
| 183 | 8.8 | 2.8 | 1.2 | 1.2 | 1.2 |
| 184 | 8.8 | 2.8 | 1.2 | 1.2 | 1.2 |
| 185 | 8.8 | 2.8 | 1.2 | 1.2 | 1.2 |
| 186 | 8.8 | 2.8 | 1.2 | 1.2 | 1.2 |
| 187 | 8.8 | 2.8 | 1.2 | 1.2 | 1.2 |
| 188 | 8.8 | 2.8 | 1.2 | 1.2 | 1.2 |
| 189 | 8.8 | 2.8 | 1.2 | 1.2 | 1.2 |
| 190 | 8.8 | 2.8 | 1.2 | 1.2 | 1.2 |
| 191 | 8.8 | 2.8 | 1.2 | 1.2 | 1.2 |
| 192 | 8.8 | 2.8 | 1.2 | 1.2 | 1.2 |
| 193 | 8.8 | 2.8 | 1.2 | 1.2 | 1.2 |
| 194 | 8.8 | 2.8 | 1.2 | 1.2 | 1.2 |
| 195 | 8.8 | 2.8 | 1.2 | 1.2 | 1.2 |
| 196 | 8.8 | 2.8 | 1.2 | 1.2 | 1.2 |
| 197 | 8.8 | 2.8 | 1.2 | 1.2 | 1.2 |
| 198 | 8.8 | 2.8 | 1.2 | 1.2 | 1.2 |
| 199 | 8.8 | 2.8 | 1.2 | 1.2 | 1.2 |
| 200 | 8.8 | 2.8 | 1.2 | 1.2 | 1.2 |

| | | | |
|---------------|-------|---|-----|
| Waxwings | 7 1/2 | — | 28 |
| Carolina Star | 144 | — | 178 |

| | | | |
|-----|-----|-------|------|
| 79 | - | - | - |
| 36 | 9.8 | 40.9 | 5.3 |
| 63 | - | 126.6 | 8.6 |
| 128 | 0.7 | 220.8 | 20.3 |
| 139 | 4.3 | 236.2 | 19.7 |
| 42 | 0.4 | 112.8 | 25.1 |
| 205 | 24 | 387.3 | 16.9 |
| 28 | - | - | - |
| 93 | - | - | - |
| 17 | - | 27.3 | 26.7 |
| 22 | 1.4 | 47.0 | 48.4 |
| 98 | 1.2 | 137.3 | 25.7 |
| 62 | 5.8 | - | - |
| 92 | - | - | - |
| 271 | - | - | - |
| 84 | 7.8 | 103.3 | -4.8 |
| 13 | - | - | - |
| 139 | 1.1 | 208.2 | 15.0 |
| 164 | 8.8 | 42.8 | 46.1 |
| 6 | - | - | - |
| 345 | - | - | - |

| | | | |
|---|----|----|----|
| 12.5 UK Smls Crk <input type="checkbox"/> | 78 | +1 | 56 |
| Wettable | 22 | +1 | 26 |

| | | | |
|----|------|--------|-------|
| 31 | 1.4 | 77.3 | 37.4 |
| 36 | 5.3 | 127.5 | 68.0 |
| 37 | 71.8 | 26.5 | 68.0 |
| 38 | 6.8 | 68.3 | 48.9 |
| 39 | 4.8 | 307.8 | 146.8 |
| 40 | 4.7 | 158.7 | 146.8 |
| 41 | 6.2 | 35.8 | 146.8 |
| 42 | — | 158.8 | -1.0 |
| 43 | 12.3 | 84.3 | 4.5 |
| 44 | 2.2 | 225.4 | 19.1 |
| 45 | 8.3 | 90.4 | 19.1 |
| 46 | 0.1 | 338.4 | 19.1 |
| 47 | 0.1 | 428.4 | 19.1 |
| 48 | 6.3 | 100.1 | 16.7 |
| 49 | 4.3 | 39.8 | -6.1 |
| 50 | 4.3 | 137.8 | 38.3 |
| 51 | 4.3 | 98.2 | 38.3 |
| 52 | — | 88.2 | 38.3 |
| 53 | — | 88.2 | 42.7 |
| 54 | 5.8 | 73.8 | 5.3 |
| 55 | 5.8 | 216.8 | 5.3 |
| 56 | 5.8 | 227.8 | 5.3 |
| 57 | 28.0 | — | — |
| 58 | — | 2282.8 | 20.5 |
| 59 | 35 | 17.8 | — |
| 60 | — | 58.4 | 74.3 |
| 61 | 6.5 | 36.8 | 28.8 |
| 62 | 12.3 | 57.8 | -0.5 |

| | | | |
|----------------|------|-----|------|
| 200 Lb Pk | 100% | +1 | 100% |
| Package Units | 700 | --- | 722 |
| U.S. Post Paid | 100% | --- | 100% |

| | | | |
|-----|-----------|----------|------|
| 190 | 26.3 | 40.4 | 23.7 |
| 191 | 26.3 | 38.192.1 | 25.6 |
| 93 | 4.6 | 121.6 | 21.9 |
| 14 | - | 20.4 | 23.0 |
| 57 | 0.4 | 63.8 | 20.0 |
| 100 | 0.2 | 315.0 | 22.8 |
| 110 | - | - | 22.8 |
| 120 | 1.94446.0 | 26.5 | - |
| 80 | 5.4 | 145.8 | 31.1 |
| 3 | - | - | - |
| 176 | 6.1 | 230.1 | 23.8 |
| 62 | 3 | 105.6 | 6.8 |
| 130 | 12.2 | - | - |
| 77 | - | 218.8 | 44.7 |
| 219 | 2.0 | 324.3 | 18.0 |
| 219 | 2.3 | 452.3 | 18.5 |
| 195 | 6.6 | 116.8 | -4.2 |
| 22 | 4.4 | 104.5 | -4.8 |
| 26 | 5.8 | 102.2 | 37.9 |
| 13 | - | - | - |
| 71 | 8.1 | 41.1 | 0.7 |
| 22 | 2.2 | 190.0 | 30.7 |
| 30 | 1.6 | 48.5 | 20.3 |
| 42 | - | - | - |
| 223 | 4.9 | 291.0 | 0.5 |
| 215 | 5.8 | 290.0 | 4.6 |
| 281 | - | - | - |
| 213 | 2.1 | 304.0 | 19.0 |
| 21 | 14.4 | - | - |
| 59 | - | 189.3 | 65.3 |

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| | | | |
|-----|-------|-------|------|
| 445 | 0.8 | 73.9 | 24.1 |
| 446 | 0.8 | 73.3 | 26.0 |
| 447 | 12.1 | 102.5 | 92.9 |
| 448 | 102.5 | 92.9 | |
| 449 | 289 | 143.7 | 18.8 |
| 450 | 0.8 | 73.7 | 23.2 |
| 451 | 4.6 | 107.7 | 11.0 |
| 452 | 286.8 | 0.8 | 73.7 |
| 453 | 107.7 | 0.8 | 73.7 |
| 454 | 1.6 | 219.3 | 18.3 |
| 455 | 0.8 | 73.7 | 23.2 |
| 456 | 2.8 | 164.6 | 76.5 |
| 457 | 0.8 | 73.7 | 23.2 |
| 458 | 1.1 | 118.7 | 16.1 |
| 459 | 2.8 | 75.7 | 21.8 |
| 460 | 3.3 | 107.8 | 21.8 |
| 461 | 2.3 | 107.8 | 21.8 |
| 462 | 0.8 | 73.7 | 23.2 |
| 463 | 0.8 | 73.7 | 23.2 |
| 464 | 0.8 | 73.7 | 23.2 |
| 465 | 0.8 | 73.7 | 23.2 |
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| 477 | 0.8 | 73.7 | 23.2 |
| 478 | 0.8 | 73.7 | 23.2 |
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| 482 | 0.8 | 73.7 | 23.2 |
| 483 | 0.8 | 73.7 | 23.2 |
| 484 | 0.8 | 73.7 | 23.2 |
| 485 | 0.8 | 73.7 | 23.2 |
| 486 | 0.8 | 73.7 | 23.2 |
| 487 | 0.8 | 73.7 | 23.2 |
| 488 | 0.8 | 73.7 | 23.2 |
| 489 | 0.8 | 73.7 | 23.2 |
| 490 | 0.8 | 73.7 | 23.2 |
| 491 | 0.8 | 73.7 | 23.2 |
| 492 | 0.8 | 73.7 | 23.2 |
| 493 | 0.8 | 73.7 | 23.2 |
| 494 | 0.8 | 73.7 | 23.2 |
| 495 | 0.8 | 73.7 | 23.2 |
| 496 | 0.8 | 73.7 | 23.2 |
| 497 | 0.8 | 73.7 | 23.2 |
| 498 | 0.8 | 73.7 | 23.2 |
| 499 | 0.8 | 73.7 | 23.2 |
| 500 | 0.8 | 73.7 | 23.2 |

MINES - Cont.[illegible][illegible]

Market capitalization shown quoted.

Estimated price/earnings accounts and/or earnings calculated on "net" distributable income after taxes on profit after taxation, or ACT where applicable. YTD to ACT of 25 per cent are implied.

Estimated Net Asset Value per share, along with P/B ratio - 1 to the current price, charges at all times, no commission occurs.

☐ Indicates the most active where transactions are heavy

Stock Exchanges Active:

"High Stock"

↑ High stock market reaction for cash

↓ Indicate sales increase inferior since reduced

Tax-free or non-taxable figures or report as follows:

Not officially UK listed

Free American/American US\$; based on US\$ degree of exposure

Not officially UK listed

Price at time of supply indicated dividend yield Member bid or recovery Forecast dividend yield

Yield based on computed dividend
figures based on
prospectus or other
official estimates.
F Flat yield.
A Assumed dividend
yield after eight years.
P Assumed dividend
yield after ten years.
N Rights issue pending
earnings based on
assumptions figures.
D Dividend yield
includes a special
payment.
C Indicated dividend
yield, p/e ratio based on
latest annual earnings.
F Forecast, or estimated
dividend figures.
E Earnings, p/e based on
previous year's earnings.

This service is available
throughout the United States,
accurately shown, subject

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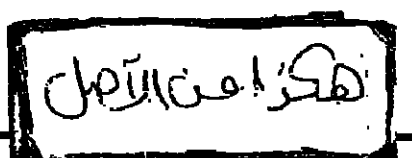
MANAGED FUNDS NOTES

Prices are in pence unless otherwise indicated and those denominated in £ with no prefix refer to £100 dollars. Yields % are for all years unless otherwise stated. **Guaranteed Income Insurance** (three phase plan) no capital gains tax on sales. **Discretionary Risk or Diff. Cents.** A periodic movement between phases. **Global Income** (three phase plan) no capital gains tax. **Luxembourg** as a UCITS (Undertakings for Collective Investment in Transferable Securities), a different price included and expenses are lower. **Guaranteed Income** (fixed rate's price in Germany, price & September). **Yield before Jersey tax.** £1-40-00, shows it may be available for a while longer. **Guaranteed Income** (three phase plan) of NAV increase, as do dividends.

* Funds and S&B recognised. The regulatory authorities in the above funds are: **Guaranteed Income** (Guaranteed Income Commission); **Ireland** (Central Bank of Ireland); **Yield of Main Financial Services Commission**; **Jersey** (Financial Services Commission); **Luxembourg** (Institut Modulaire Luxembourg) etc.

Market Funds
Crossword
Market Accounts

WORLD STOCK MARKETS



FRANCE (continued)

Table with 3 columns: Stock Name, Price, Change. Includes companies like Air France, Bouygues, and various industrial firms.

FRANCE (continued)

Table with 3 columns: Stock Name, Price, Change. Continuation of French stock market data.

GERMANY (continued)

Table with 3 columns: Stock Name, Price, Change. Includes companies like Daimler-Benz, Siemens, and Volkswagen.

GERMANY (continued)

Table with 3 columns: Stock Name, Price, Change. Continuation of German stock market data.

NETHERLANDS (continued)

Table with 3 columns: Stock Name, Price, Change. Includes companies like Akzo, DSM, and Unilever.

NETHERLANDS (continued)

Table with 3 columns: Stock Name, Price, Change. Continuation of Dutch stock market data.

SPAIN (continued)

Table with 3 columns: Stock Name, Price, Change. Includes companies like Banco de España, Telefónica, and Repsol.

SPAIN (continued)

Table with 3 columns: Stock Name, Price, Change. Continuation of Spanish stock market data.

CANADA (continued)

Table with 3 columns: Stock Name, Price, Change. Includes companies like Alcan, Inco, and Northern Telecom.

CANADA (continued)

Table with 3 columns: Stock Name, Price, Change. Continuation of Canadian stock market data.

JAPAN (continued)

Table with 3 columns: Stock Name, Price, Change. Includes companies like Toyota, Honda, and Nissan.

JAPAN (continued)

Table with 3 columns: Stock Name, Price, Change. Continuation of Japanese stock market data.

NETHERLANDS (continued)

Table with 3 columns: Stock Name, Price, Change. Continuation of Dutch stock market data.

NETHERLANDS (continued)

Table with 3 columns: Stock Name, Price, Change. Continuation of Dutch stock market data.

NETHERLANDS (continued)

Table with 3 columns: Stock Name, Price, Change. Continuation of Dutch stock market data.

FRANCE (continued)

Table with 3 columns: Stock Name, Price, Change. Continuation of French stock market data.

GERMANY (continued)

Table with 3 columns: Stock Name, Price, Change. Continuation of German stock market data.

NETHERLANDS (continued)

Table with 3 columns: Stock Name, Price, Change. Continuation of Dutch stock market data.

NETHERLANDS (continued)

Table with 3 columns: Stock Name, Price, Change. Continuation of Dutch stock market data.

NETHERLANDS (continued)

Table with 3 columns: Stock Name, Price, Change. Continuation of Dutch stock market data.

TORONTO

3 pm December 30

Table with 3 columns: Stock Name, Price, Change. Includes companies like Alcan, Inco, and Northern Telecom.

NEW YORK

DOW JONES

Table with 3 columns: Stock Name, Price, Change. Includes companies like IBM, Microsoft, and Apple.

INDICES

Table with 3 columns: Index Name, Value, Change. Includes various international stock indices.

STANDARD AND POOR'S

Composite

Table with 3 columns: Index Name, Value, Change. Includes Standard & Poor's indices.

NEW YORK ACTIVE STOCKS

Trading Activity

Table with 3 columns: Stock Name, Price, Change. Includes active stocks in New York.

CANADA TORONTO

Trading Activity

Table with 3 columns: Stock Name, Price, Change. Includes active stocks in Toronto.

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Trading Activity

Table with 3 columns: Stock Name, Price, Change. Includes active stocks in New York.

3 pm December 30

NEW YORK STOCK EXCHANGE COMPOSITE PRICES

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Continued on next page

3 pm December 30

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3 pm December 30

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March 1 1993
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FT SURVEYS

_____ - _____

AMERICA

Dow rises on new economic indicators

Wall Street

US share prices were slightly higher at mid-session but investors were wary that thin pre-holiday volume was exaggerating price moves, writes Laurie Morse.

At mid-session the Dow Jones Industrial Average was 3.78 higher at 3,314.62 in volume of 110m shares. Advancing issues led declines by 913 to 740.

The more broadly based Standard & Poor's 500 rose 0.26 to 438.24. The Amex composite rose 0.92 to 394.76 and the Nasdaq composite was up 1.13 at 670.14.

Analysts said that the predominance of advancing issues suggested the market would remain firm into the new year. However, volume lagged behind Tuesday's levels.

News that the Chicago Purchasing Managers' survey of US economic conditions rose to an adjusted 59.3 in December, from 54 in November, foreshadowed a bullish national report next week and underpinned traders' expectations for a gradually improving US economy.

The 16 all very good news, so much so it doesn't get too good, said Mr Larry Wachel, senior analyst with Prudential Securities. "If it gets too good, it will make stock prices go up."

December index of leading economic indicators rose 0.1% in this morning's update. The slow-but-steady growth scenario for equities. "The pace of 0.5 of a percentage point in the month, a slight stronger gain than in November," he said.

Analysts said that the data did not support stock prices. It was within the range of expectations, and means that month's activity. The 16 all very good news, so much so it doesn't get too good, said Mr Larry Wachel, senior analyst with Prudential Securities. "If it gets too good, it will make stock prices go up."

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ASIA PACIFIC

Nikkei average declines by 2.1 per cent

Tokyo

TOKYO fell back sharply in the final session of the year. Reuters reports from Tokyo.

The 225-share Nikkei average closed down 30.68, or 2.1 per cent, at 1,424.95 on index-linked selling after a day's high of 1,454.04 and a day's low of 1,428.91. The market will remain closed until January 4.

Turnover was about 90m shares traded compared to 130m on Tuesday. Declining issues outpaced advancing by seven to two, with 698 lower, 193 higher and 187 unchanged in volume of some 90m shares.

The broader first section Topix index lost 18.72 or 1.4 per cent to 1,307.66 and in London the ISE/Nikkei 50 index rose 2.01 to 1,068.65.

The market opened at its morning high, succumbing immediately to futures-linked selling. Disappointment that a hoped-for year-end rally had failed to materialise, combined with overnight losses on Wall

Street, also weighed on sentiment, brokers said.

"Some people cling to the hope that US pension fund money might kick in during the morning, and when this didn't happen they just gave up," one broker commented.

High technology issues were mostly lower with NEC falling Y6 to Y581, Fujitsu Y9 to Y550 and Pioneer Y100 to Y2,670.

In the banking sector Daiichi slipped Y90 to Y1,670, Sakura Y60 to Y1,200, Sumitomo Y40 to Y1,810 and Fuji Y70 to Y1,800.

Isuzu bucked the trend, extending recent gains to end up Y14 at Y332. Large capital issues were down on profit-taking: Nippon Steel shed Y2 to Y292 and Mitsubishi Heavy Y15 to Y530.

The second section index advanced 3.23 to 1,730.65, with 24m shares traded.

Roundup

THE region was generally dull yesterday with both Seoul and Taiwan closed until January 4. HONG KONG was featureless in slow trade. The Hang Seng

Belgian cyclical wait for economic recovery

Currency strength has helped Brussels produce a respectable performance in 1992, writes Andrew Hill

Analysts of the Belgian stock market have been prophesying the end of the downturn for a long time, and forecasting that when the European economy lifts itself out of the doldrums the Brussels bourse, with its heavy emphasis on cyclical, industrial stocks, will be one of the main beneficiaries.

Certainly, the cyclical have suffered over the past three years. A recent study from the National Bank of Belgium indicated that profits at the largest Belgian companies slumped in 1991 to their lowest level since 1987. Industrial manufacturing has been the worst-hit sector over the last two years.

Under the circumstances, the Belgian stock market has not performed badly during 1992. The Bel-20 weighted index of the 20 largest stocks began the year at 1,093.72 amid hopes of German interest rate cuts and a slow revival of industrial profitability. Neither hope was realised and the market registered a 1992 low of 1,048.07 at the beginning of September.

But the Bel-20 has surprised the pessimists. By last night it was marginally up on January 1, 1992, at 1,127.02. In absolute terms, and by comparison with other small European stock markets, that is pretty respectable.

Brokers say that investors have gone for the defensive attractions of the Belgian market during 1992. Since September, Brussels has benefited from the stability of the Belgian franc, while other European currencies have lost their way in the exchange rate mechanism, or dropped out altogether.

In addition, once the prospect of widespread cuts in interest rates evaporated, buyers have sought out the stocks which benefit from continued tight monetary policy, such as Electrabel, the high-yielding Belgian utility which is one of the country's largest companies, and the three big banks.

In the first quarter, the market's three main retailers, GIB Group, Colruyt and Delhaize "Le Lion", also had their attractions.

The stocks were spurred on by optimistic company announcements and the potential, particularly in GIB's case,

for further modernisation of its chain of supermarkets. Since then, gloom has set in, especially in the oil and gas company, which seemed impervious to criticism until recently.

This year, however, the Petrofina "sacred cow" was slaughtered when the group announced poor figures. Earlier this month, for example, Petrofina forecast poor full-year figures and a halving of its dividend, the first cut for more than 20 years.

In addition, uncertainty about the future of the Norwegian Ekofisk field, in which the group has a 30 per cent stake, has cast a cloud over the shares. They have dropped from a peak of BFr11,750 in May to today's level of BFr7,510.

Next year, the full effect of 1993 will be seen in Belgian company results over the first six months. In addition, Ms Alison Kirk, Belgian equities analyst with Williams de Broe in London, points out that the economic and corporate fore-

casts from Germany, on which Belgium relies increasingly for both trade and interest-rate policy, are almost uniformly gloomy; this is bound to be reflected in Belgium.

As if predicting another year of retrenchment, the exchange has just published the components of the Bel-20 index for the first time since its launch in March '91.

The intention is partly to prepare for the introduction of Bel-20 derivatives on Belfox, the fledgling futures and options market in the New Year, but the result is to give the index a more defensive feel. For example, in come two of the big banks, Banque Bruxelles Lebert and Kredietbank, as out go two chemicals stocks, Recticel and Tessenderlo.

But although caution jabs like being the

utchword of the Brussels bourse in 1993, some analysts believe that the most prudent industrial companies, which have taken advantage of the downturn to restructure, may be poised for a small

recovery. "We'll certainly suffer from the weakness of the German economy. But if you look to the Brussels stock exchange we also have a few industrial companies which are well-linked to the dollar and could benefit from a recovery next year," says Mr Marc Janssens of Petercam, the Brussels broker.

Barco, the electronics group, Union Minière, the metals company, Delhaize and Bekart, the steel wire producer, are all possible beneficiaries of a transatlantic upturn.

As for the exchange itself, the bourse authorities and its members are preparing for a further shake-up following the 1990 reforms. They intend to bring in a British-style market-making system by 1993, in line with EC securities legislation. That may help some of the volume and liquidity problems which have dogged the bourse, but, as one analyst puts it: "Brussels is always going to be small and illiquid, because it's a small country with very few multinationals. To me, it's a question of trying to make the best of what it's got."

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for further modernisation of its chain of supermarkets. Since then, gloom has set in, especially in the oil and gas company, which seemed impervious to criticism until recently.

This year, however, the Petrofina "sacred cow" was slaughtered when the group announced poor figures. Earlier this month, for example, Petrofina forecast poor full-year figures and a halving of its dividend, the first cut for more than 20 years.

In addition, uncertainty about the future of the Norwegian Ekofisk field, in which the group has a 30 per cent stake, has cast a cloud over the shares. They have dropped from a peak of BFr11,750 in May to today's level of BFr7,510.

Next year, the full effect of 1993 will be seen in Belgian company results over the first six months. In addition, Ms Alison Kirk, Belgian equities analyst with Williams de Broe in London, points out that the economic and corporate fore-

casts from Germany, on which Belgium relies increasingly for both trade and interest-rate policy, are almost uniformly gloomy; this is bound to be reflected in Belgium.

As if predicting another year of retrenchment, the exchange has just published the components of the Bel-20 index for the first time since its launch in March '91.

The intention is partly to prepare for the introduction of Bel-20 derivatives on Belfox, the fledgling futures and options market in the New Year, but the result is to give the index a more defensive feel. For example, in come two of the big banks, Banque Bruxelles Lebert and Kredietbank, as out go two chemicals stocks, Recticel and Tessenderlo.

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